

Effects of Performance-Based Bonus on Employees' Productivity and Motivation in a State College, Philippines

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ABSTRACT Productivity in the workplace is imperative. Employees as an asset in every organisation need to be rewarded for their meritorious services. This study analyses the effects of Performance-Based Bonus on employees' productivity and motivation and identifies challenges that hamper the implementation. Using descriptive research, the test of significant difference was computed using Chi-Square to test the responses of two groups of respondents. The researcher concluded that a Performance-Based Bonus is a positive driver towards employees' motivation and productivity. The amount of Performance-Based Bonus granted to qualified employees significantly impacts an employee's motivation. Proactive institutional drive leads to affirmative performance, while challenges are associated with a systemic lapse in planning, monitoring, and implementing programs, projects, and activities and a lack of human resources. To enhance and/or sustain PBB compliance, SUCs must strengthen the institution's mechanism in planning, monitoring, and evaluating targets and develop methods to improve performance and replicate tested good practices from other SUCs on PBB implementation.

INTRODUCTION

The reward for productivity is a driving force for optimum performance among employees. President Duterte underlined the importance of increasing accountability for results when executing development initiatives to ensure that services to the Filipino people are delivered effectively. The previous Aquino administration established a collaborative mechanism among oversight agencies to establish a unified and integrated Results-Based Performance Management System (RBPMS) across all departments and agencies, incorporating a common set performance scorecard, as well as an accurate, accessible, and up-to-date government-wide, sectoral, and organisational performance information system, through Administrative Order No. 25 series of 2011. The RBPMS' underlying frameworks were the Organisational Performance Indicators Framework (OPIF) and the Results Matrix (RM), which are used by all government entities empowered to exert comprehensive control on the accomplishment of all government agencies.

PBB or Performance-Based Bonus is emphasised as a bonus on top of other regular bonuses paid to employees based on their performance and contributions to the achievement of their unit's overall aims and targets. Apart from establishing a genuine meritocracy in the Philippine government,

paying for performance is a method of rewarding an individual with a monetary award that is directly tied to their individual, team, and organisational success (Armstrong 2007). Specifically, the Philippine government's efforts to improve performance are reflected in PBB. This is accomplished by establishing an incentive structure that focuses on, measures, and recognises exceptional performance.

The PBB offers government personnel a financial reward, ranging from five thousand Pesos to thirty-five thousand Pesos, based on their unit and individual performance evaluations. This amount was changed into a portion of monthly salary in 2016, as part of Executive Order No. 201, s. 2016, which stated that the compensation and position classification shall be revised or updated to strengthen the performance-based incentive system in recognition of government personnel who play a greater role and carry heavier responsibilities in achieving performance targets and delivering results. The best unit receives 65.0 percent of their basic salary, while 57.5 percent and 50.0 percent are computed to those that belong to better and good units, respectively.

The Strategic Performance Management System (SPMS), a similar system launched in 2012, was widely used as a tool for human resource and performance management by government agencies in 2015. The SPMS superseded the Perfor-

mance Evaluation System (PES) and guarantees that unit and individual performance targets are in line with the agency's overall performance goals and targets. The SPMS is used to calculate employees' PBB across all agencies and government entities.

Before the PBB, previous systems did not have a strong link between bonuses and performance review. Bonuses were distributed across the board, with only a few outliers. The PBB and the SPMS now emphasise the alignment of agency, unit, and individual goals, and offer incentives or rewards to those who accomplish their personal and organisational goals. The RBPMS Framework, as stated in the Results-Based Performance Management System, employs a comprehensive methodology that spans various levels of performance management. It specifies several levels of accomplishments, ranging from individual to collective to bureaucratic and organisational levels, all of which lead to diverse sectors that have an impact on society.

With today's emerging demands and challenges, organisations dependently subsist with the quality output produced by their competent workforce. Employees, being the rationale behind an organisation's existence, are becoming increasingly important assets for today's growing organisations, thus, a need to reward meritorious and commendable services is positioned on the hierarchical priority of the management. Among the many agencies covered by the PBB implementation, Camarines Sur Polytechnic College is one of the 112 SUCs that adopt and implement the Performance-Based Bonus as a top-up bonus for performance. In its compliance, CSPC plays a big role in the accomplishment of the overall targets and commitments of the colleges and universities that pave the way towards the attainment of its mandated performance target parameters, and later, in contributing to the societal goals and outcomes of the government.

Inspired by the underlying facts and specifics cited about Performance-Based Bonus, the researcher was stirred to pursue a research study entitled, Performance-Based Bonus and its perceived contribution to Employees' and Organisational Productivity in Camarines Sur Polytechnic Colleges. Aware of the many challenges faced by the SUCs in achieving the targets such as unachieved physical targets, low budget utilisation

rates, difficulty in rating and ranking employees, and too many requirements from oversight agencies, Performance-Based Bonus also made agency indicators and targets clearer and better, induced improvement in management processes, robust teamwork, futures-thinking approach in target setting and monitoring, manifesting trusts among employees in the organisation, and positive impact on recruitment.

This research study investigates the possibility of implementing the PBB in a college in the country by identifying enablers and barriers, as well as addressing challenges for a continuous improvement process that contributes to the societal goals/outcomes of building a strong, convenient and resilient community for the Filipinos (Matatag, maginhawa, and panatag na buhay para sa lahat).

Objectives

The purpose of this study is to determine how employees and organisations at Camarines Sur Polytechnic Colleges perceive performance-based bonuses (PBBs). It will also look at the significant differences in perceptions of the different groups of respondents (Faculty and Non-Teaching Personnel, Rank and File, and Administrators) on the contribution of Performance-Based Bonus to employee motivation and organisational productivity, identify the challenges faced in implementing Performance-Based Bonus in the College, and propose recommendations to maintain compliance with Performance-Based Bonus and improve motivation.

MATERIAL AND METHODS

Using descriptive methods of research, one hundred and seventy (170) employees were considered as respondents of the study. A researcher-made questionnaire was used to determine the perceived contribution to employees' motivation, and employees' productivity, using a 4-point Likert Scale and was supplied with interview method (Table 1). The same method was also used to identify the challenges along with four areas in the implementation of Performance-Based Bonus (Table 2). The test of significant difference was computed using Chi-square to test the responses of two groups of respondents.

To determine the challenges, document analysis was also utilised and was corroborated by a

focused-group discussion among key officials involved in the implementation of the PBB. The respondents were formally informed of the study's goal, methods, and intended potential uses during the study's conduct. This study will pay close attention to the confidentiality of the respondents' information and their anonymity.

RESULTS AND DISCUSSION

The discussion on the perceived contribution of Performance-Based Bonus to Employees' and institutional productivity and the challenges faced by the employees in the implementation of Performance-Based Bonus in the College are presented here.

Respondents

Table 3 presents the respondents of the study. Out of 170 respondents, 94 are female and 76 are male. Fifty-five (55) or 32.36 percent belong to the age group of 31-40 years old, 47 or 27.65 percent are within the age group of 41-50 years old, and a small number of 9 or 5.29 percent are 61-65 years old. In terms of Salary Grade, 65 or 38.24 percent are within the bracket of Salary Grade 11-15, while 9 percent and 5.29 percent belong to SG 1-5 and SG 21-25, respectively. The number of years in service also shows that 45 or 26.47 percent have spent 11-15 years in the college, 40 or 23.53 percent have stayed for 16-20 years, and 38 or 22.35 percent of the respondents have stayed for 6-10 years already. It is noted that only 3 or 1.76 percent have stayed for 31 years and above.

Table 3: Respondents' profile

<i>Charectors</i>	<i>Number</i>	<i>Frequency</i>
<i>Sex</i>		
Male	76	44.71
Female	94	55.29
Total	170	100%
<i>Age Group</i>		
Below 30	33	19.41
31-40 years old	55	32.36
41-50 years old	47	27.65
51-60 years old	26	15.29
61-65 years old	9	5.29
Total	170	100%
<i>Salary Grade</i>		
SG 1-5	9	5.29
SG 6-10	48	28.24
SG 11-15	65	38.24
SG 16-20	39	22.94
SG 21-25	9	5.29
Total	170	100%
<i>Number of Years in Service</i>		
Less than 5 years	28	16.47
6-10 years	38	22.35
11-15 years	45	26.47
16-20 years	40	23.53
21-25 years	9	5.29
26-30 years	7	4.12
31 and above	3	1.76
Total	170	100%
<i>As to Teaching and Non-teaching Personnel</i>		
Faculty	115	67.65
Non-teaching personnel	55	32.35
Total	170	100%
<i>As to Administrator and Rank and File Employees</i>		
Administrator/managerial/supervisory positions	48	28.82
Rank and file employees	121	71.18
Total	170	100%

Table 1: Likert Scale to measure the perceived effect of PBB on employees' motivation and productivity

3.26-4.0	Completely agree	The situation has a very high effect, which greatly improved and/or affected the institution/employees.
2.51-3.25	Partially agree	The situation has a high effect and improved to some extent the institution/employees.
1.76-2.5	Partially disagree	The situation has a moderate effect on the institution/employees, which is almost insignificant.
1.0-1.75	Completely disagree	The situation has no effect or impact on the organisation/employees.

Table 2: Likert Scale to measure the challenges in the implementation of Performance-Based Bonus

3.26-4.0	Highly encountered	The situation occurred more than 4 times and resulted in disqualification for one fiscal year.
2.51-3.25	Frequently encountered	The situation occurred two to three times and almost led to a disqualification, if not intervened.
1.76-2.5	Seldom encountered	The situation occurred once yet jeopardised the disqualification for PBB.
1.0-1.75	Never encountered	The situation never happened.

It was also revealed that out of the 170 respondents, one hundred and fifteen (115) or 67.65 percent are teaching personnel, while 55 or 32.35 percent are non-teaching personnel. When grouped according to Administrator and Rank and File Employees, forty-eight (48) or 28.82 percent are Administrators or belong to managerial or supervisory positions such as Deans, Directors, Unit Heads, while 121 or 71.18 percent are Rank and File employees.

From the result, it can be gleaned that there is a balance of manpower between the male and female workforce, with a thriving young breed of employees receiving minimal government compensation but has stayed in the College for a longer period because of security of tenure.

Employees Qualified for Performance-Based Bonus for the Last Five (5) Years

Table 4 presents the response of the employees who were PBB qualifiers for the last five (5) years. Out of 170 respondents, one hundred and fifty-five (155) or 91.18 percent were the recipient of Performance-Based Bonus, while only fifteen (15) or 8.82 percent were disqualified to receive it.

Table 4: Qualifier for performance-based bonus for the last 5 years

	<i>Number</i>	<i>Percentage</i>
Yes	155	91.18
No	15	8.82
Total	170	100

Individuals must meet the following eligibility requirements, according to the Performance-Based Bonus Guidelines. Those employees determined guilty of administrative and/or criminal cases by final and executory judgment in financial year 2020-2021 will not be eligible for the PBB.

Other disqualifications include officials and employees who failed to submit the SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 s. 2015, those who are responsible for the non-compliance with the establishment and conduct of the review and compliance procedure of SALN, officials and employees who failed to liquidate all cash advances, officials and employees who failed to submit complete SPMS Forms, and those employees responsible for implementing prior year's audit recommenda-

tions, QMS Certification, or posting and disseminating CSPC's system of ranking delivery unit performance will not be eligible for PBB if they have failed to perform such functions.

In the case at bar, on the disqualification of the 15 employees to PBB, it was revealed that 10 (ten) of them were disqualified because of non-liquidation of cash advances on the mandatory period required by law, four (4) were disqualified for non-achievement of physical targets, and one (1) filed for a yearlong sick leave.

In a follow-up interview conducted, it was revealed that their disqualification was a lesson learned that for the coming years, they will be more concerned about the targets and the requirements to be eligible for PBB, like other employees of the college.

Perceived Contribution of Performance-Based Bonus to Employees' Motivation and Productivity

Table 5 presents the perceived contribution of performance-based bonus to employees' motivation and productivity.

Both the teaching and non-teaching personnel completely agree that Performance-Based Bonus made them understand the agency's roles and mandates with a weighted mean of 3.86, promotes friendly competition at 3.84, creates an environment of greater teamwork and camaraderie among employees at 3.80, and improves performance targets' cascading to delivery units and persons at 3.79. However, they only moderately agree that the amount of PBB is commensurate to the work performed' which contributed to institutional accomplishments.

It is noted that the introduction of Performance-Based Bonus made every government agency concerned about the agency targets indicated in the yearly-approved General Appropriations Act (GAA). The performance of the SUCs is then measured on the accomplishment of every performance indicator along with Higher and Advanced Education, Research, and Extension, together with other requirements by the Inter-Agency Task Force to streamline government operations.

This finding is congruent to the study of Tomlinson (2000) when he said that Performance-Based pay also motivates teachers. A boost in teacher motivation is one of the most widely reported ef-

Table 5: Perceived effect of performance-based bonus on employees' motivation

<i>Employees motivation</i>	<i>Teaching personnel</i>	<i>Non-teaching personnel</i>	<i>Average</i>	<i>Interpretation</i>
PBB makes me understand the agency's roles and mandates.	3.84	3.84	3.86	Completely agree
PBB improves performance targets cascading to delivery units and individuals to better understand roles and strategies	3.74	3.85	3.79	Completely agree
PBB inspires me to perform better and deliver the required tasks assigned to be achieved every year. It helps in identifying clear and measurable standards	3.77	3.80	3.78	Completely agree
PBB creates an environment of greater teamwork and camaraderie among employees.	3.82	3.78	3.8	Completely agree
PBB promotes friendly competition among employees.	3.79	3.93	3.84	Completely agree
The amount of PBB is commensurate to the work performed, which contributed to institutional accomplishment.	3.25	3.32	3.25	Moderately agree
Average	3.77	3.82	3.80	Completely agree

fects. Performance-based compensation, it is suggested, will boost teacher motivation by suitably recognising productivity improvements. This viewpoint connects the teachers' attitudes to student outcomes by stating that if salaries are determined by a teacher's motivation and skill, teacher quality will improve. He claims that bonuses based on performance are all about inspiring employees and cultivating a vision-driven workplace. Non-monetary incentives can be used to motivate teachers who are not motivated by monetary incentives, according to Odden and Kelly (2002).

While it is true that not all instructors are enthused by money, monetary incentives have a bearing on at least some teachers' career choices. It has an impact on teacher motivation, while others say that money is just one motivator among many. As a result, it is stated that a performance-based strategy with a financial component would entice and encourage a wide spectrum of people by providing rewards. An increase in the lucrative standing of teachers could provide an additional benefit by inviting and stirring talent.

Performance-based pay also increases collegiality. Earlier merit pay methods were chastised for preventing instructors from working together (Cutler and Waine 2000. In response, a large body of research indicates that performance-based pay schemes can increase collegiality by boosting

teacher cooperation, particularly when group-based pay is used. Teachers' work can be redesigned so that they are interconnected, and their interdependence can be acknowledged, using this type of management strategy.

Perceived Effects of Performance-Based Bonus on Employees' Productivity

Table 6 presents the perception of the employees on the perceived effects of Performance-Based Bonus on employees' productivity.

With the top-up bonus associated when targets are achieved, employees completely agree that Performance-Based Bonus improves productivity and morale of employees with a WM of 3.84, and it also ensures that they are done within the acceptable timeline/quarter, and submissions are on time. In the concept of a continuous improvement process, PBB also induces improvement in management practices and administrative operations with a WM of 3.81. Moreover, employees also completely agree that PBB improves accountability of individuals and transparency of work in all government transactions with a WM of 3.68' helps in the improvement in the quality of output and the achievement of performance indicators every year at 3.63, and PBB has inspired and improved em-

Table 6: Perceived effects of performance-based bonus on employees' productivity

<i>Employees' productivity</i>	<i>Teaching personnel</i>	<i>Non-teaching personnel</i>	<i>Average</i>	<i>Interpretation</i>
PBB helps in the improvement in the quality of output and the achievement of performance indicators every year.	3.60	3.67	3.63	Completely agree
PBB has contributed to the way employees perform. It made employees work better as a team.	3.67	3.58	3.62	Completely agree
PBB ensures that work is done within the acceptable timeline/quarter, and submissions are on time.	3.79	3.89	3.84	Completely agree
PBB improves accountability of individuals and transparency of work in all government transactions.	3.50	3.87	3.68	Completely agree
PBB induces improvements in management practices and administrative operations.	3.70	3.93	3.81	Completely agree
PBB improves the productivity and morale of employees.	3.87	3.82	3.84	Completely agree
Average	3.69	3.79	3.74	Completely agree

employees' performance at 3.62. This conclusion backs up Kanji's argument from 2005 that bonuses based on merit are a cornerstone of any company's life. He goes on to say that once employees understand what has to be done when it requires to be done, and why it is necessary to be done, the business will attain its objectives and employees will feel empowered. Through this reward system, employees tend to produce efficient and effective work output' which is productive for both the organisation and the individuals, as well. According to Good (2008), performance assessment typically encompasses five characteristics of performance, namely, efficiency, effectiveness, economy, compliance, and service quality. Because performance is a subjective concept, it is typically measured against a baseline or standard by comparing what the business has accomplished over the years.

Test of Significant Difference on the Perception of the Group of Respondents on the Contribution of Performance-based Bonus to the Employees' Motivation and Productivity

Table 7 presents the test of significant difference on the perception of two groups of respondents, that is, Teaching and Non-Teaching, and Administrative Personnel and Rank-and-File Employees on the perceived effects of Performance-Based Bonus on employees' motivation.

From the Table presented, the computed value on all the identified statements is lower than the p-value of 7.815, and hence, the null hypothesis was accepted and that there is no significant difference in the perception of the teaching and non-teaching personnel on the perceived effects of PBB to employees' motivation.

When grouped according to Administrative personnel and Rank-and-File employees, it reveals that the null hypothesis was rejected on the statement, 'The amount of PBB is commensurate to the work performed, which contributed to the institutional accomplishment'. There is therefore a difference in their perception since the computed value of 10.44 is higher than the p-value of 7.8815.

The amount of incentive is based on the salary of employees when grouped into Best, Better, and Good Delivery Units as stated in the PBB guidelines. For employees grouped under Best Delivery Unit, their PBB is equivalent to sixty-five percent of their basic salary, fifty-seven percent of their salary when grouped under Better Delivery Unit, and the PBB incentive of those categorised under Good Delivery Unit is fifty percent of their basic salary. For rank-and-file employees with Salary Grade 12 or equivalent to twenty-four thousand pesos (P 24,000.00), their PBB is at least fifteen thousand pesos (P 15,000), however, in the case of administrators or faculty with high academic rank, although categorised under Good Delivery Units, the fifty percent of their incentive can still reach P 50,000.00 for those with SG 24 and above.

Table 7: Test of significant difference on employees' motivation

<i>Employees' motivation</i>	<i>Faculty and non-teaching</i>		<i>I</i>	<i>Administrative and rank and file</i>		<i>I</i>
	<i>Computed value</i>	<i>Decision on Ho</i>		<i>Computed value</i>	<i>Decision on Ho</i>	
PBB makes me understand the agency's roles and mandates.	4.81	Accepted	NSD	1.97	Accepted	NSD
PBB strengthens cascading of performance targets to delivery units and individuals to better understand roles and strategies	4.81	Accepted	NSD	3.38	Accepted	NSD
PBB inspires me to perform better and deliver the required tasks assigned to be achieved every year. It helps in identifying clear and measurable standards.	1.63	Accepted	NSD	4.88	Accepted	NSD
PBB creates an environment of greater teamwork and camaraderie among employees.	0.18	Accepted	NSD	0.04	Accepted	NSD
PBB promotes friendly competition among employees.	3.57	Accepted	NSD	3.43	Accepted	NSD
The amount of PBB is commensurate to the work performed, which contributed to institutional accomplishment.	0.42	Accepted	NSD	10.44	Rejected	There is a significant difference

The findings are congruent to the study of Torneo et al (2016) when he has disclosed the issues relating to the ineffectiveness of the PBB system. These include the inequality of PBB seen by some as unfair (for example, all work for 'best' rating but some will get less), tedious time-consuming implementation, no additional personnel or resources, unverified allegations of doctored reports and issues on ranking different staff together, and non-orientation of some employees on the PBIS. The impact of PBB on employee attitudes and intrinsic motivation was found to be unfavourable in a study on PBB in the education sector, and employees generally perceive PBB implementation to be unjust. The negative impact of the PBB in the case of the public sector is the result of low levels of organisational trust, absence of transparency, trust and leadership credibility. Malen (1999) also claimed that past financial bonuses were insignificant, lowering the motivational value. Many studies have found that the rewards supplied are insufficient to motivate people to modify their behaviour. Because the amount of money awarded was limited, unreasonable quotas were frequently imposed, providing very minor incentives to the majority of practitioners. Further issues can arise if

teachers believe they will not be rewarded even if their performance improves. This issue has been emphasised in various studies, with even well-established firms expressing pessimism about future reward bonuses.

Test of Significant Difference on Employees' Productivity

Table 8 shows the test of the relationship between two groups of respondents on the perceived effects of Performance-Based Bonus on employees' productivity.

The null hypothesis was accepted on the statements of PBB helps in the improvement in the quality of output and the achievement of performance indicators every year, PBB has influenced how employees perform, PBB ensures that work is done within the acceptable timeframe, PBB induces improvement in management levels, and PBB improves productivity and morale of employees. However, the null hypothesis was rejected and it reveals that there is a significant difference in the perception of the faculty and non-teaching personnel, and administrators and rank-and-file employees on the statement of 'PBB improves ac-

Table 8: Test of significant difference on employees' productivity

<i>Employees' productivity</i>	<i>Faculty and non-Teaching I</i>			<i>Administrative and rank and file I</i>		
	<i>Computed value</i>	<i>Decision on Ho</i>		<i>Computed value</i>	<i>Decision on Ho</i>	
B has influenced how employees perform. It made employees work better as a team.	3.48	Accepted	NSD	5.94	Accepted	NSD
PBB ensures that work is done within the acceptable timeline/quarter, and submissions are on time.	3.12	Accepted	NSD	4.34	Accepted	NSD
PBB induces improvements in management practices and administrative operations.	1.67	Accepted	NSD	5.82	Accepted	NSD
PBB improves accountability of individuals and transparency of work in all government transactions.	11.72	Rejected	There is significant difference	9.11	Rejected	There is a significant difference
PBB improves the productivity and morale of employees.	6.62	Accepted	NSD	1.91	Accepted	NSD

countability of individuals and transparency of work in all government transactions' since the computed value is higher than the p-value of 7.815. It can be seen that faculty and non-teaching have a different perception of the accountability and transparency in the government transactions and the introduction of Performance-Based Bonus' effect on accountability and transparency in all government dealings significantly vary. Their levels of participation in transparency and accountability also vary since Administrators are more compelled to be transparent in government transactions for the rank-and-file employees to be aware of.

Recognising the worth and value of the employees equated with merits and rewards leading to increasing productivity in achieving the best results. Working with the Performance Incentive, according to Booth and Frank (2007), intrigues forward-thinking employees and stimulates them to produce numerous efforts. In most cases, effective performance is linked to incentives and merit compensation. According to Grobler et al. (2008), many managers believe that tying compensation to performance is beneficial since rewarded behaviours are more likely to be repeated and punished behaviours are less likely to be repeated. He went on to say that awards earned as a result of one's success would be more valuable than rewards distributed to everyone.

Paying for performance is a method of rewarding an individual with a monetary award that is

directly tied to their individual, team, and organisational success. One strategy to achieve higher returns is to motivate staff to be more productive and perform better. Because management does not comprehend why people need to be paid more for doing their jobs, there has been a push against incremental systems.

Challenges in the Implementation of Performance-based Bonus

Below are discussions on the challenges faced by the College in the implementation of Performance-Based Bonus. This covers the challenges in the achievement of physical targets, Good Governance Conditions, crosscutting GASS targets, and how units and individuals are rated and ranked.

Table 9 shows the challenges to the achievement of physical targets. In the five-year implementation of the Performance-Based Bonus and even since its inception in 2012, attainment of Performance Targets is mandatory and should be one hundred percent for years 2016 to 2019, but only ninety percent was required for the year 2015.

For all MFO targets in the financial years 2015, 2016, 2017, 2018 and 2019, the Performance Informed Budget approved by Congress were used to determine eligibility for the PBB, which is referred to as Performance Targets or MFO Targets. Organisational performance in meeting MFO targets was extensively checked through the use of

Table 9: Challenges on the achievement of physical targets

<i>Indicators</i>	<i>WM</i>	<i>Interpretation</i>	<i>Rank</i>
The performance indicators to be achieved for the year are very high.	3.02	Frequently encountered	2
Evidence of organisational planning in the setting of targets is not evident.	2.24	Seldom encountered	5
The performance indicators are not properly disseminated to all employees.	2.65	Frequently encountered	3
The distribution of targets for each delivery unit and employees are not equal.	2.58	Frequently encountered	4
Some targets are uncontrollable/beyond the control of the SUCs and employees.	3.07	Frequently encountered	1

quarterly agency accountability reports uploaded to the DBM Unified Reporting System to show development toward achieving wider sectoral and social outcomes sought by the agency to improve Filipinos' lives.

MFO Targets or the physical targets are divided into four, namely, Higher Education, Advanced Higher Education, Research Services, and Technical Advisory and Support Services or Extension Services. SUCs are given the leeway to identify indicators and their targets for the year based on the listings provided by the Inter-Agency Task Force.

Findings show that some targets are uncontrollable or beyond the control of the College with a WM of 3.07 or frequently encountered. This is congruent to the response of the employees that some performance indicators are also very high and frequently encountered during the PBB implementation. It is also noteworthy that organisational planning is the least encountered in the imple-

mentation of a Performance-based Bonus with a WM of 2.24 or 'Seldom Encountered'. This is because the conduct of the annual In-House Planning and Budgeting Workshop is a routine and has become a culture in CSPC.

Challenges on the Achievement of Good Governance Conditions

Table 10 presents the challenges of the Colleges in the achievement of crosscutting requirements on Good Governance Conditions (GGC).

The AO 25 Inter-Agency Task Force (IATF) establishes the following Good Governance Conditions based on the performance drivers of the Results-Based Performance Management System (RBPMS) and the government's priorities for increased transparency, stronger public accountability, and more inclusive and people-centred public service. The Good Governance Conditions include obligations such as the Citizen's Charter, the posting of PhilGEPS, the submission of Statements of

Table 10: Challenges on the achievement of good governance conditions

<i>Indicators</i>	<i>WM</i>	<i>Interpretation</i>	<i>Rank</i>
There is difficulty in collating reports for uploading required documents in the Transparency Seal.	2.02	Seldom encountered	7
Data uploaded in the Transparency Seal are not verified and updated.	2.12	Seldom encountered	5
There is no maintained and updated posting of all invitations to bids and awarded contracts in the Philippine Government Electronic Procurement System (PhilGeps) according to the Government Procurement Reform Act (RA No 9184).	2.24	Seldom encountered	4
There is a very unstable internet connection for posting an invitation to bids and awarded contracts. There is a downtime error in the PhilGEPS, which results in difficulty in uploading invitations to bids and awarded contracts	2.31	Seldom encountered	3
There is difficulty in the process of ISO Certification and Re-certification	3.19	Frequently encountered	1.5
Implementation of Capital Outlay projects is delayed.	3.19	Frequently encountered	1.5

Assets and Liabilities (SALN), Cash Advance Liquidation, and the availability of the Transparency Seal on the CSPC's official website.

From among the Good Governance Conditions, the tedious process of ISO Certification and the implementation of Capital Outlay projects were the topmost challenge identified by the respondents with a WM of 3.19 or 'Frequently Encountered'. PhilGEP's posting ranked third due to very unstable internet connectivity with a WM of 2.31 and the un-updated PhilGEPs posting of all invitations to bids and awarded contracts in the Philippine Government Electronic Procurement System (PhilGeps) according to the Government Procurement Reform Act (RA No 9184), with a WM of 2.24. Moreover, the least in rank is the issue of collating reports for purposes of posting in the Transparency Seal, which is rated 2.02 or 'Seldom Encountered'.

The requirement that, in addition to the Support to Operations' indicators in financial years 2015 and 2016, SUCs and government agencies submit a Quality Management System (QMS) for at least one core process licensed by any international certifying body sanctioned by the IATF OR an Operations Manual that covers at least one (1) core process has become a major challenge for SUCs and government agencies. In 2015, it appears that CSPC complied because of certification by an international confirming authority or the compliance of an Operations Manual. However, in 2017 stricter compliance was required from SUCs. For at least one key process, each agency must have certification or on-going certification of the Quality Management System (QMS). Any International Certification Body must issue the certification, which must be effective until December 31, 2017, or later, and must be displayed in the CSPC's Transparency Seal. CSPC was able to comply through the help of HAE Consultancy. In an interview conducted with some officials, one factor for the difficulty in the Certification is the unprepared work instructions and processes, the resistance of employees towards ISO, and issues with the consultant. On the other hand, CSPC was able to achieve the target of ISO Certification and commented it helped them achieve MFO-based targets because of the quality management system they have created.

The implementation of Capital Outlay Projects was also a big issue that affects the budget utilisation rate of the College and is affecting the financial operation. In an interview conducted with the

College Engineer and those involved in the implementation of projects, heavy rains, flooding during the last quarter of the year, and slow progress of the contractors were factors identified in the late implementation. This was however addressed by the conduct of early planning activities and early procurement before the implementation year. However, uncontrollable natural calamities were a hindrance to the timely implementation of projects.

According to the guidelines, to meet PhilGEPs' requirements, agencies must maintain and update the posting of all invitations to bids and awarded contracts in the Philippine Government Electronic Procurement System (PhilGEPs) for transactions from November 16th of the previous year to November 15th of the current year, as necessitated by the Government Procurement Reform Act (Republic Act No. 9184). Because, as provided in 10.6 of the Memorandum Circular No 1, s. 2016, if the agency is unable to update the system or post the BAC Resolution, Notices of Award/Bid Results, Actual Approved/Awarded Contracts, and Notices to Proceed/Purchase Orders for transactions above one million pesos (P 1,000,000) in the PhilGEPs due to reasons beyond the agency's control, the agency should submit a BAC Resolution, Notices of Award and the acceptance of the explanation/reasons will be contingent on PhilGEPs' recommendations.

Even with the aforementioned opportunity, the reason for non-posting due to unstable internet connection is deemed controllable, hence, not accepted by PhilGEPs. Aside from internet connection, lack of manpower is also an issue.

In terms of compliance to Citizens Charter and submission of Statement of Assets, Liabilities, and Networth (SALN) as well as submission of Report on Ageing of Cash Advances, CSPC ensured compliance for the last five years.

The Citizens Charter complies with the President's instruction to improve all frontier facilities following the Anti-Red Tape Act of 2007 (RA No. 9485) objectives, as well as the President's directive to reduce the handling time of all requests and to guarantee comprehensible and expedient delivery of services to the public, as echoed in CSC Memorandum Circular No. 14, s. 2016. The Civil Service Commission (CSC) conducted on-the-spot checks to see if the agency has placed its Citizens Charter in prominent locations. For reporting purposes, their certification is sent to AO 25 IATF.

The circular mandates that agency heads certify that all personnel covered by RA 6713 submitted their SALNs to appropriate depository agencies in 2016, 2015 and 2014, liquidated their cash advances, and accomplished their SPMS forms, as these are the foundation for the distribution of PBB to individuals. The 9 SUCs, on the other hand, have faithfully followed this requirement for the past three years.

An added requirement of Good Governance Condition in 2017 is the submission of the FOI Manual. Remarkably, all SUCs were able to comply. A factor that contributed to their compliance is the training provided by AO25 IATF on how to craft an FOI manual and a sample manual was also provided to SUCs as the basis for their preparation. The FOI Manual is in response to Executive Order No. 2, s. 2016 issued by President Rodrigo P. Duterte.

From the report presented, it can be inferred that compliance to Good Governance Conditions is a management function and can be achieved through efficient and effective participation of administration and support staff in both universities and colleges through openness and transparency in all the affairs of the SUCs. The core values of transparency, accountability, professionalism, and leadership must be embedded in the people running the organisation to better achieve its goals. SUCs must ensure that information is open to the public and that financial disclosure is clear and transparent, and leaders must be held accountable for their actions and maintain a high level of professionalism in the workplace. Leadership should be a balancing act between becoming an active member and overseeing the institution's general operations.

Challenges on the Ranking and Rating of Delivery Units and Individuals

The PBB cycle concludes with a grading and evaluation system for all offices and employees. The standards for the classification of units and individuals according to performance were put forth in the Memorandum Circulars 2015, 2016, 2017, 2018 and 2019 on the Performance-Based Bonus' Guidelines. The College and their corresponding offices that meet the criteria and conditions in Section 4.1 are eligible for a PBB award and must be forced ranked in the following order of Best (10%), Better (25%), and Good (65%).

Table 11 shows the challenges encountered by the employees in the rating and ranking of individuals and delivery units. It shows that the lack of opportunity for a feedback mechanism and redress of grievances was only seldom encountered with a WM of 2.50. This is the same when asked about the employee participation in the crafting of the guidelines, with only a recorded WM of 4.48 or 'Seldom Encountered'. This may be attributed to the fact that there is the presence of the Faculty Association President and the President of the Non-Teaching Personnel in the Personnel Management Team (PMT) who crafts the guidelines during the year of implementation, which is culled out from the general policy released by the Inter-Agency Task Force. Very noteworthy is also that the absence of posting of guidelines for employee dissemination was never encountered by employees. This means that they are well-aware of the guidelines, as this is posted in conspicuous places and is cascaded by immediate supervisors to employees.

Table 11: Challenges on the rating and ranking of individuals and delivery units

<i>Indicators</i>	<i>WM</i>	<i>Interpretation</i>	<i>Rank</i>
Employees are not informed about the ranking system for delivery units because it is not advertised or communicated to them.	1.73	Never encountered	5
There is no mechanism to inform employees of how rating and ranking will be done for the year.	2.32	Seldom encountered	3
There is a lack of employee participation in the crafting of the guidelines for the rating and ranking of employees	2.48	Seldom encountered	2
Ratings given are not based on submitted proofs of accomplishments or evidence-based.	2.26	Seldom encountered	4
There is no opportunity for a feedback mechanism for the rating and ranking conducted. Redress for grievances are not immediately addressed.	2.50	Seldom encountered	1

The Memorandum necessitates the use of the Strategic Performance Management System (SPMS) approved by the Civil Service Commission to rate the performance of all officials and employees. For transparency purposes, the guidelines also mandates to post the System of Ranking Delivery Units in the College or University's Transparency Seal on or before October 1st of the year. Since its inception in 2012, the rating of individuals and delivery units is an issue among SUCs because the rating will determine the amount of PBB the employee will receive.

Employees pointed out that objectivity while rating and ranking employees is a big challenge in the current PBB system, and if done erroneously, results in confusion, moral degradation, and weakened relationships among peers.

To ensure objective rating and ranking, employees openly suggested that the SPMS should be understood and that those rating should be informed and aware of how to rate and rank. They said that the SPMS should link performance and rating, and in the end ensure objectivity in the rating of employees. FGD participants also narrated that coming with correct strategies to incentivise employees based on the sound rating will have a big impact on the employees' performance.

This backs up Ahmad's (2015) study in the literature review, which said that for performance assessment to be effective, it must be conducted equitably to identify the right compensation amount. He also noted that developmental feedback and the administrative decision that relate to the evaluated performance to organisational incentives such as promotion can help improve the appraisal of employees' performance. It can be stated further that an unfair appraisal system can lead to undesirable behaviours of employees who work in organisations. Furthermore, a clear and well-crafted policy guideline in the grading and ranking of employees and delivery units will assist in ensuring that the Performance-Based Bonus is implemented effectively and efficiently. It should be consistent, and if new guidelines are added, SUCs should cope with the changes.

When the PBB allows for 'isolation', the greatest challenge is to determine who will be isolated. This is another challenge faced by SUCs when no clear and definite guidelines are laid down for employees. As a result, confusion, lack of trust, and disinterest are felt by the employees. To address

the challenge, the FGD participants suggested that all criteria, guidelines, and decisions regarding the PBB system should be made transparent by effectively disseminating information and making sure that these are well understood by employees. FGD participants also recommended that the involvement of employees in the course of implementing the PBB system should be highly encouraged. This is to solicit inputs and feedback and obtain consensus from employees to avoid or minimise conflicts or complaints. During the FGDs, participants explained that engaging the employees in the implementation of PBB particularly in the crafting of definite and sound PBB guidelines is the best way to make the employees cognisant and supportive of PBB. It may be deduced that for a performance evaluation to be useful, effective, and enjoyable, it must have a clear appraisal procedure and standards that are unbiased and applied evenly. The appraisal must be a review, a tool for development since this is vital for human resource decisions because it helps organisations to determine promotable employees, adjust salary bracket based on performance and evaluate employee performance to determine if there is a need for further training. The reward is in accord with the Expectancy Theory of Motivation that there is a positive relationship between employees' commitment and monetary incentives, which increased job satisfaction, employee performance, and decreased employee turnover rate.

CONCLUSION

A Performance-Based Bonus is a positive driver towards employees' motivation and employees' productivity. Performance-Based Bonus connects different quality assurance mechanisms that improve institutional performance. The amount of Performance-Based Bonus granted to qualified employees significantly matters for on employee's motivation, while improvement of accountability and transparency of work in government transactions is significantly different among employees' levels of productivity. Strengthening the organisational capability, fiscal management, and manpower resource are challenges in the achievement of physical targets, high budget utilisation rate, and compliance with the Good Governance Conditions. Pro-active institutional drive leads to affirmative performance, while challenges are associ-

ated with a systemic lapse in planning, monitoring, and implementation of programs, projects, and activities and a lack of manpower resources.

RECOMMENDATIONS

State Universities and Colleges (SUCs) must strengthen their institution's mechanism in planning, monitoring, and evaluation of targets and projects, develop methods to improve licensure performance, promote research culture and research collaboration and linkages with the community to improve PBB compliance. CSPC should consider SMART and doable targets to avoid, if not eradicate, uncontrollable targets. Administrators may develop strategies to harmonise performance indicators and address the requirements of different agencies thus improving their performance. Furthermore, the absorptive capacity of SUCs should be considered in budget preparation and execution. Greater investments in planning and other preparatory operations before actual procurement should be made in terms of Budget Utilisation Rate (BUR). Project development research and procurement plans should be budgeted carefully. Early communication of investment strategies and programs is essential. Tested good practices from other SUCs must be up-scaled and shared for replication and benchmark practices. The College should communicate department/unit performance targets and accomplishments to staff via the internal mechanism, as well as publicise them on websites and other forms of information dissemination. Officials and staff of their respective departments/units can also use a complaints mechanism to address issues and concerns related to PBB. Furthermore, the college may engage staff in learning about PBB, their specific department or units' performance targets, and the services and outputs that they will need to produce to satisfy other MFO-based PBB targets.

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