The Performance-Based Incentives System (PBIS) and its Effects on DILG, CHED, and DepEd: Preliminary Findings

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Research Questions

• How do employees of DILG, CHED, DepED perceive the PBIS and its implementation?
• What kind of impacts on employee efficiency and morale has the PBIS had so far?
• What measures need to be undertaken to improve PBIS and its implementation?
Some Notes

• The rapid assessment was conducted under PAHRODF between February to April 2015
• This is only part 1 of a 2 part research
• The method is primarily qualitative (thematic analysis of key person interviews) complemented with a survey (DepEd)
• The next step is an agency level survey
About PBIS

• AO 25 s. 2011 created IATF to harmonize existing performance monitoring systems
• Under RPMS, PBIS established by EO 80 on 20 Jul. 2012
  – Components: Performance Based Bonus (PBB)
    • Rationalized/replaced across the board bonuses
  – Performance Enhancement Incentive (PEI)
    • Reduced across the board bonus (e.g., PhP10,000-5,000)
  – Agency needs to qualify for PBIS first
• Has undergone developments in past 3 years
  – Phases: Pilot (2012); Harmonization (2013);
  – Alignment (2014); Institutionalization (SPMS) (2015)
## The PBB Component of PBIS

<table>
<thead>
<tr>
<th>Individual Performance Category</th>
<th>Best Performer (10%)</th>
<th>Better Performer (25%)</th>
<th>Good Performer (65%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau or Delivery Unit Category</td>
<td>35,000</td>
<td>20,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Best Bureau (10%)</td>
<td>25,000</td>
<td>13,500</td>
<td>7,000</td>
</tr>
<tr>
<td>Better Bureau (25%)</td>
<td>15,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

*The proportion of individual employee recipients of PBB per category was revised in 2013 to Best - 15%, Better - 30%, Good - 55% and in 2014 further revised to Best - 20%, Better - 35%, Good - 45%.
The Case of the Dept. of Interior and Local Government (DILG)

• Used Personnel Performance Evaluation System (PPES) prior to the PBIS in 2012
• PBIS generally associated with PBB
• PPES focused on individual tasks;
  – Range: Poor, Satisfactory, Very Good, Outstanding
  – PPES performance bonus: PhP2,000-3,000
• Experience with PPES:
  – Did anyone actually receive Poor evaluation?
  – Or anyone did anyone receive PhP3,000 bonus?
PBIS: Case of DILG

- Increasingly stricter from 2012-> 2013 ->2014 as the agency moves towards SPMS
- For 2012, PBB based largely on PPES tool
  - PBB tool gradually modified as per AO25 IATF
- Perceptions of PBIS:
  - ranges from ambivalent to moderately positive; positive perception seems to move up with rank
  - compared with PPES, helpful as it links individual performance with unit and agency goals
  - actual incentive to perform (e.g., 2,000 vs. 35,000)
PBIS: Case of DILG

• Perceived impacts ranges from ambivalent to modestly positive; seems to increase with rank

• On efficiency:
  – ‘encourages better distribution of work’;
  – ‘supervisor pays closer attention to subordinates’;
  – ‘competitive staff work harder’

• On morale:
  – ‘encourages fairer more objective eval.’;
  – ‘fosters teamwork’; ‘incentive motivates’
PBIS: Case of DILG

• Difficult to implement: DILG>130,000 personnel
• Many employees notice PBB only 1-2X a year
• Lack of awareness transparency & concerns
• Employees only guess their final PBB rating
• regarding implementation also affects morale
• PBB in 2014 had limited competition
• Problems force ranking staff vs. heads
• Nothing to say about PEI or gender dimension
The Case of the Department of Education

• Result-Based Performance Measurement System (RPMS) is its adaptation of SPMS
• SPMS for employee “action” “development”
• PBIS is generally associated with PBB
• Uses CESPES / PASAG for individual evaluation
• Ranking: Central office and regions separately; Divisions; Regional science high schools national.
• Teachers ranking based on school rating (NAT scores, drop-out, liquidation)
PBIS: The Case of DepEd

• Perceptions of PBIS:
  – ACT & TDC oppose/are critical towards PBB
  – Performance measuring system as unfair and vulnerable to subjective interpretation
  – The basis of teacher ranking (e.g., NAT scores, drop-out rate, liquidation) out of their control
  – Compliant but negative view is widespread
PBIS: The Case of DepEd

• Impacts on efficiency and morale:
  – Teachers, master teachers and principals elicited responses that doesn’t affirm expected relationship bet. PBIS, performance & motivation
  – Teachers’ tendency towards mere compliance, lackadaisical attitude, indifference, and fatigue.
  – But some teachers see positive association bet. PBB and their effort to improve their teaching
PBIS: The Case of DepEd

• On the other hand:
  – View among teachers that govt. must first acknowledge their poor working conditions and low pay before measuring performance
  – Some principals confused over the system
  – Future of PBIS depend on the principals competence to deal w/ teachers resistance, opposition, apathy
The Case of the Commission on Higher Education

- Relaxed requirements at first (75% MFO) in 2012 but increasingly stricter
- Slight resistance in earlier phases
- SUCs submit reports directly to DBM
- In 2013, regional offices got the “Best” rating while central offices only got “Better”
PBIS: The Case of CHED

• Perception of PBIS: better than previous scheme
  – Since it covers physical targets in all MFOs, STOs, and GASS indicators, significant step towards improving transparency, professionalism
  – Covered process and outputs
  – Covered all important criteria that promotes transparency, good governance, accountability
  – Facilitates monitoring of SUC based on mandates
PBIS: The Case of CHED

• Perceived impacts on efficiency and morale
  – Increases efficiency and motivation (8/10)
  – Improved documentation (e.g., liquidation, etc.) and provided good feedback mechanism
  – Not much direct effect on efficiency
  – Being outrated served as wake-up call
  – Agency is now used to it (3rd year)
  – Forced units to work as teams
  – Conflicts on lower levels – ‘nagkakasilipan’
PBIS: The Case of CHED

- Inequality of PBB seen by some as unfair (e.g., all work for “Best” rating but some will get less)
- Implementation is tedious and time consuming but no additional personnel and resources
- Unverified allegations of doctored reports
- Issues on ranking diff. staff together (“wrong-king”): admins staff vs. technical staff vs. heads
- Not all were oriented on the PBIS
Observations: DILG, CHED, DepED

- Reactions: range from enthusiastic to ambivalent
- High compliance but acceptance mostly cognitive
- Employees find compliance to be tedious
- Uneven knowledge about PBIS; PBIS = PBB
- PBB an improvement; incentivizes performance
- Different implementations: DILG, CHED, DepED
Observations:
DILG, CHED, DepED

• Localized adaptations observed
• At the lower end, PBB+PEI < previous bonuses
• Issues but few formal complaints on the PBIS
• Fairness is the most common concern
• Source of tension: force ranking technical with administrative and supervisory staff
• Initial impacts mostly anecdotal
Key Observations

• Impacts on morale appear limited and mixed
• PBB/SPMS - better perspective on performance
• Motivating effects of substantial PBB (bonus)
• Evaluation seen as fairer, more objective
• Those who pursue & get good rating: (+)
• Those that feel excluded or not benefiting from PBB feel (-) and even discouraged
• Issues on awareness, implementation (-) affect
Key Observations

• Evidence of effects on efficiency are very limited
• Improved documentation (complete, updated)
• Discourages unfair evaluation and freeriding
• Anecdotes from experience and observations mostly coming from higher officials (e.g., chiefs)
• Encourages teamwork within units
• Supervisors monitor performance more closely
Recommendations

• PBIS need to be paired with appropriate salary increase as well as non-monetary incentives
• PBIS compliance can be more manageable
• Better awareness of PBB and transparency may improve trust and reduce speculations
• Agency adaptations need to be monitored: PBB will not work if competition is not ‘open’
• Separate ranking for admin, technical staff, and officials/heads may reduce tensions
Recommendations

• Future studies should examine aspects of performance other than ‘morale’ & ‘efficiency’

• Some questions:

  1) What pressing need does PBIS address?
  2) Does PBB actually motivate employees?
  3) What does good performance mean in govt.?
  4) How does an employee’s previous PBB evaluation affect subsequent performance?
  5) Should we continue PBIS? In its current form?
Epilogue

• Changes in PBIS initiated by outgoing admin: E.O. 201 “enhanced” “progressive” PBB
• Salary Standardization 4 pending in Congress interim measure in E.O.201
• New administration’s policy position on PBB is not yet clear (retain? modify? Repeal?)
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