



## **GCG MEMORANDUM CIRCULAR NO. 2012 – 13**

**SUBJECT : COMMENCEMENT OF THE DEVELOPMENT OF THE CPCS FOR GOCCs COVERED BY R.A. NO. 10149**

**DATE : 10 October 2012**

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1. ***Good Governance and Compensation.*** – Achieving good governance and national development requires an enabling environment wherein the government can attract, retain and motivate a corps of competent government personnel.<sup>1</sup> Accordingly, it has been the policy of the State to ensure that “compensation for government personnel [is] comparable with those in the private sector doing comparable work.”

Accordingly, the “*GOCC Governance Act of 2011*” (R.A. No. 10149) mandated the Commission to recommend to the President of the Philippines a Compensation and Position Classification System (CPCS) that strikes a balance between competitiveness with the private sector and reasonableness.<sup>2</sup> The CPCS will apply to all GOCCs covered by law, whether SSL-covered or SSL-exempt.<sup>3</sup>

2. ***Compensation Study.*** – The magnitude of developing the CPCS required the procurement of consulting services to facilitate the conduct of the study that would serve as basis for policy recommendations to the President.<sup>4</sup> Upon conducting the public bidding process for the project in compliance with the “*Government Procurement Reform Act*” (R.A. No. 9184), the contract for the said consulting services has been awarded to **TOWERS WATSON PHILIPPINES, INC.**

3. ***Phases of the Study.*** – The study will adopt a *Participative Approach* and will consist of the following phases:

Phase I. Diagnostics

Phase II. Rewards Philosophy / Strategy Articulation

Phase III. Position Classification

Phase IV. Data Collection and Analysis

Phase V. Base Salary Structure Design

Phase VI. Variable Pay Design

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<sup>1</sup>National Economic and Development Authority (NEDA), *Philippine Development Plan 2011-2016*, 198-99 (2010). See also Section 2(b), Executive Order No. 7, s. 2010, in relation to Section 6(c), E.O. No. 43, s. 2012; Section 9, Republic Act No. 10149.

<sup>2</sup>See Sections 2(h), 8-11, 23, Republic Act No. 10149.

<sup>3</sup>Section 8, R.A. No. 10149.

<sup>4</sup>See Section 5(h), R.A. No. 10149.

## Phase VII. Communication Planning

4. **Documents Required from GOCCs for the Study.** – All GOCCs shall begin preparing the documents / information listed below to facilitate data collection once the Commission releases the applicable templates and/or forms, to wit:
  - 4.1. Organizational Vision-Mission;
  - 4.2. Organizational Structure;
  - 4.3. Compensation Philosophy;
  - 4.4. Job Classification Methodology;
  - 4.5. Reward Mix;
  - 4.6. Salary Structure;
  - 4.7. Variable Pay Policies;
  - 4.8. Pay Administration / Implementation Policies;
  - 4.9. “Localized” information of Rewards Strategy elements (e.g. appropriate terminology, special requirements per GOCC Sector);
  - 4.10. Latest financial information on –
    - a. Annual Sales Turnover
    - b. Operating Budget for non-profit organization
    - c. Operating Income
  - 4.11. Number of employees;
    - a. Regular
    - b. Contract
    - c. Project
    - d. Outsourced
  - 4.12. Description of products/services provided by the GOCC;
  - 4.13. Company Status: Parent/Subordinate Entity or Subsidiary
  - 4.14. List of functional organizations in the company (e.g. Marketing, Production, Sales, Finance, Human resources, etc.);
  - 4.15. Geographical breadth (i.e. location/s/country/ies of operation/s);
  - 4.16. Table of organization or charts (Overall and functional/department);
  - 4.17. Annual reports (if any);
  - 4.18. List of all positions in the company per functional organization (including current position classification/level/grade/class);
  - 4.19. Any job or position documentation that will provide information on the responsibilities of the positions in the list (e.g. job/position description, appointment letters; level/grading descriptors);
  - 4.20. Cash data collection questionnaire (to be provided by GCG), which will require, among others, a list of all incumbent employees and their –

- position title
- internal grade/band
- date of birth
- date of hire
- actual monthly base salary
- Salary review information, including frequency of salary increases, method for determining amount of said increases, historical & forecasted salary increase (actual & budget)
- fixed cash allowances received
- short-term variable pay (target & actual received),
- all other actual cash payouts received

Data should be for the most recent year available.

- 4.21. Data on all Benefits provided to employees, including the type and amount of the benefit and the eligibility requirements of employees. Provide actual policy handbooks (for Board, Management and Rank-and-File), if available;
- 4.22. Sample communication materials used in previous change initiatives (memos/correspondences, email blasts, brochures, flyers, etc.); and
- 4.23. List of key stakeholders to be considered for the communication plan in respective Sector and/or GOCC.

**5. First CPCS Plenary Session and GOCC Representatives.** – All GOCC Governing Boards are hereby directed to designate a representative to attend the First CPCS Plenary Session on or before **22 October 2012** at the Social Hall, 4/F Mabini Hall, Malacañang Compound, San Miguel Ave., Manila.

The highlights of the plan for developing the CPCS will be cascaded in the said session in accordance with the following schedule:

<b>Schedule</b>	<b>Sectors</b> <i>(Based on GCG Annex A – copy enclosed)</i>
9:00 – 11:00 AM	1. Government Financial Institutions 2. Social Services and Housing 3. Commercial, Trade and Tourism
1:30 – 3:30 PM	4. Land and Water Resources 5. Transportation, Infrastructure and Communications 6. Power
GOCCs falling under the Support Services Sector shall attend the session of their Parent Company/GOCC.	

The representative should ideally have the following qualifications:

- (a) Head of Human Resources;
- (b) An in-depth and extensive knowledge of the GOCC's existing compensation system;

- (c) A working knowledge of the competitiveness of the job market for the GOCC's Sector (as determined by GCG's Annex A); and
- (d) Knowledgeable of their Sector's current state and its strategic direction/future plans, as well as its overall impact on human resources management.

The GOCC representatives are advised to bring at most 2 deputies or assistants to the Plenary Session.

All GOCC representatives and concerned officers are hereby advised to monitor the Commission's website at [www.gcg.gov.ph](http://www.gcg.gov.ph) for further announcements and additional information on the said plenary session.

- 6. **CEO Participation.** – In light of the importance of the project, all Chief Executive Officers (CEO) or the highest ranking executive officer (e.g. *President, General Manager, Administrator*) are requested to also attend the said plenary session, or to at least designate the Chief Operations Officer (COO) or an officer of equivalent rank to represent them in the said session.
- 7. **Diagnostic Questionnaire.** – Attached hereto is a diagnostic questionnaire to be accomplished by the GOCC Representative and submitted to GCG thru Towers Watson via e-mail at [GCG@towerswatson.com](mailto:GCG@towerswatson.com) on or before **26 October 2012**.
- 8. **Effectivity.** – This Circular shall take effect immediately upon its publication in the Commission's website, [www.gcg.gov.ph](http://www.gcg.gov.ph).

BY AUTHORITY OF THE COMMISSION

  
CESAR L. VILLANUEVA  
*Chairman*

  
MA. ANGELA E. IGNACIO  
*Commissioner*

  
RAINIER B. BUTALID  
*Commissioner*