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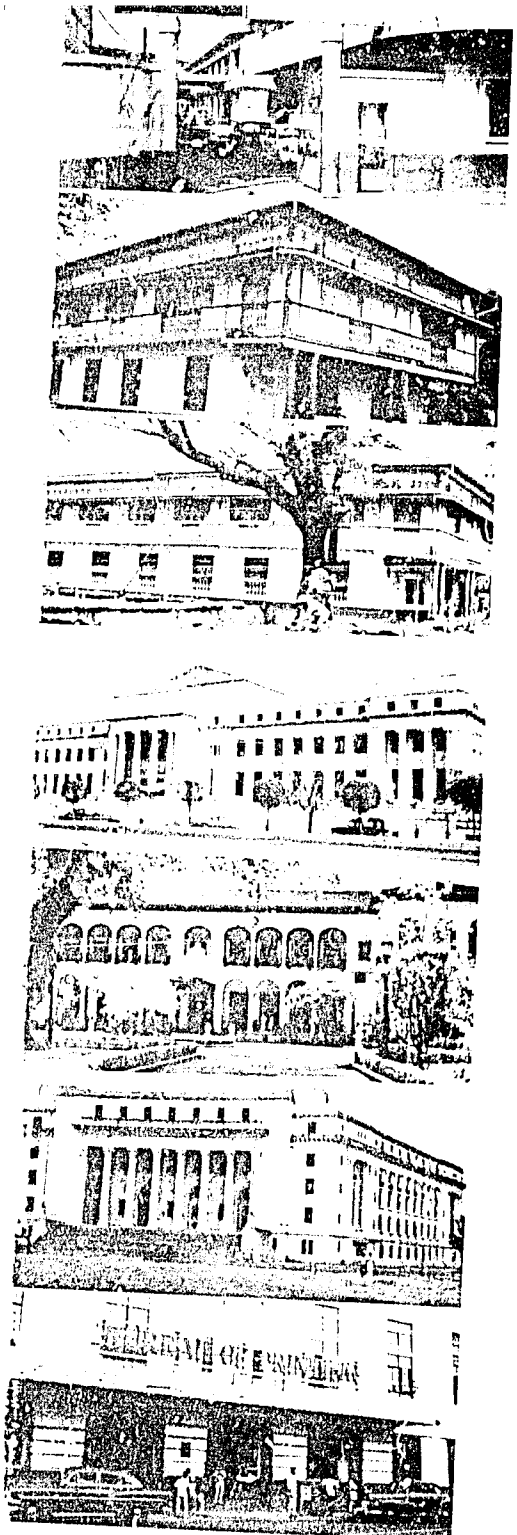

Selected Papers on

PUBLIC ADMINISTRATION

UNITED STATES OF AMERICA

OPERATIONS MISSION TO THE PHILIPPINES

1959

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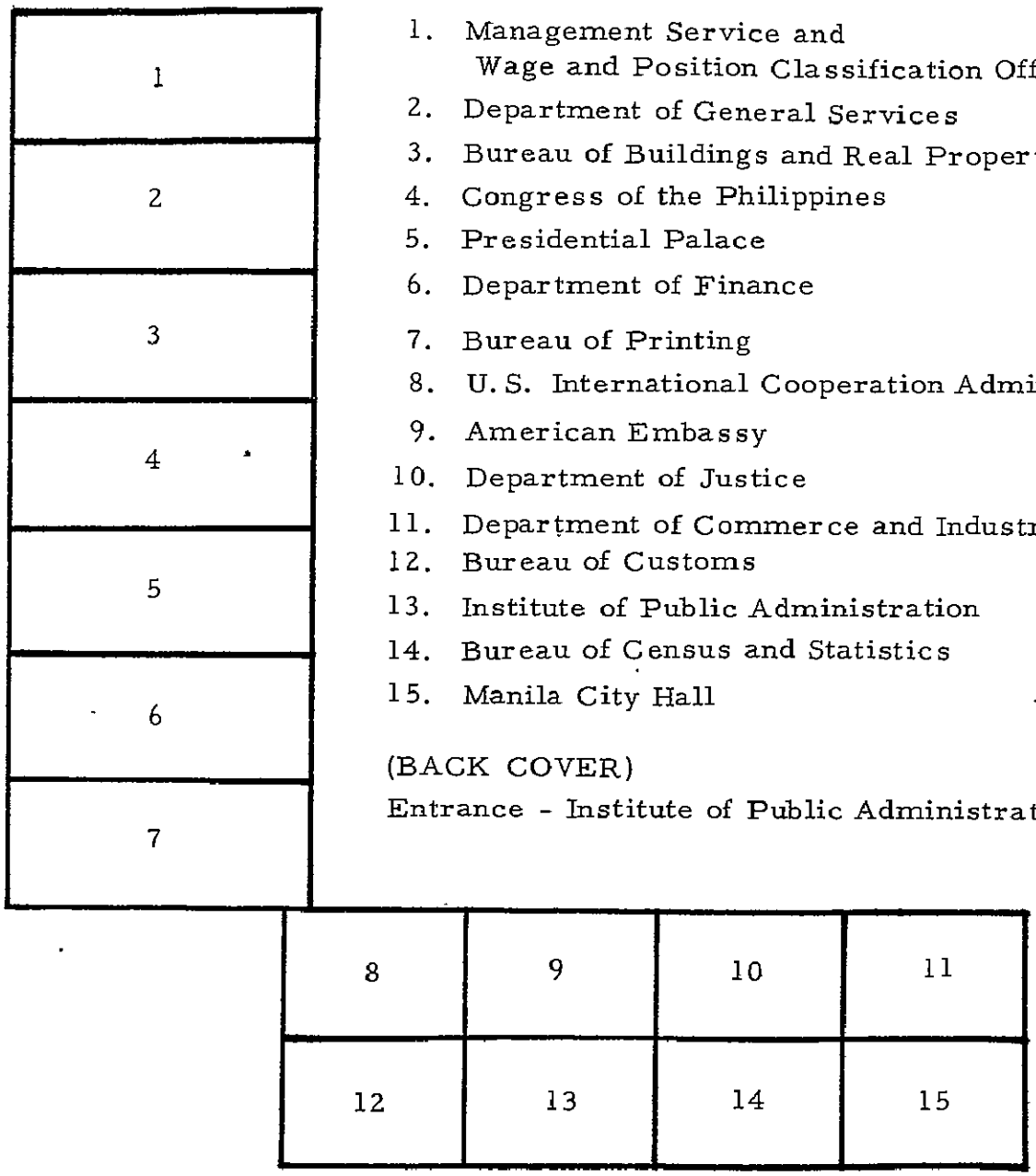

1. Management Service and Wage and Position Classification Office
2. Department of General Services
3. Bureau of Buildings and Real Property Management
4. Congress of the Philippines
5. Presidential Palace
6. Department of Finance
7. Bureau of Printing
8. U. S. International Cooperation Administration
9. American Embassy
10. Department of Justice
11. Department of Commerce and Industry
12. Bureau of Customs
13. Institute of Public Administration
14. Bureau of Census and Statistics
15. Manila City Hall

(BACK COVER)
Entrance - Institute of Public Administration

SELECTED PAPERS ON PUBLIC ADMINISTRATION

by

Members of the Public Administration Division

of

USOM/Philippines

Paul D. Summers
Director of Mission

C. Lawrence Price
Editor

Fred G. Crawford
Chief, Public Administration Division

M a n i l a
1959

F O R E W O R D

IMPROVEMENT of public administration has been one of the major fields of endeavor since the start of the joint Philippine-American economic and technical cooperation programs in 1951. During these seven years, 18 specific projects have been undertaken at a cost of more than $5,000,000 and ₱10,000,000. Thirteen have been completed and five are still in progress.

In the course of these activities, a wealth of excellent material has been compiled by members of the staff of the Public Administration Division. From it, the papers, speeches and lectures published herein have been selected on the basis of possible future value. Terminal reports of Public Administration Tax Advisors Ray E Davis and Cecil Morgan were not included because of their length, but are available as separate documents.

Our compilation is intended to provide other missions with information about some of the things being accomplished in the Philippines in the important and extensive field of public administration. It is hoped that it may have a value as a guide to future technical cooperation activities.

Paul D. Summers
Director of Mission

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FUNDAMENTALS IN DEVELOPING HUMAN RESOURCES*

by

Fred G. Crawford
Chief, Public Administration Division

THE DEVELOPMENT of human resources revolves around two fundamental postulates; first, a human being is a complex physical and psychological creation; and second, human beings individually do not contribute alone as much to society as a group banded together in an organization. The whole field of training and management deals with the problem of human resources. This consideration requires a blending of a pragmatic experience of administration with a realization of the social behavior of humans. With these assumptions in mind, let us look at human resources in very broad, general terms.

In a recent scientific study, certain general conclusions emerged, among which are the following:

(1) Man is both an animal (non-rational) and a human (rational), influenced by heredity through the genes and by environment in the culture in which he lives.

(2) Democratic life is desirable and is applicable in management as in politics.

(3) Orthodox tenets of organization, management, and training are useful and valid, but they must now be viewed in the light of human behavior.

(4) Conflict is normal between humans, and might even be desirable if channeled into healthy and constructive avenues.

Leadership patterns taught by trainers must be based upon human behavior and eventually must emphasize cooperation, participation, consultation, and satisfying the egos of the rank and file, even though it may require subordination of the strong leader's natural desire for self-assertion and self-display.

These factors apply to a surprisingly large number of human resources, as was disclosed in a 1950 study stating that the population of the world increased from 100 million in 850 B.C. to 545 million people in 2500 years. The same study estimated that the total world population 25 years ago was 2 billion people and that will be 3-1/2 billion people 25 years from now

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*Luncheon address delivered at the First National Conference of Government Training Officers, May 24, 1957, City of Baguio.

No such substantial growth has ever been recorded throughout world history, and this fact alone points to the still more basic fact that never before have we had so many to work with and to deal with in the development of human resources. These basic facts are the dynamics of human resources.

A related consideration to human development is the speed of travel. Perhaps for as many as half a billion years, all human travel was performed entirely on foot. The speed of human travel at the beginning of this century then increased to 25 miles per hour by mechanical means. During the next 25 or so years this speed increased many fold and reached a theretofore unbelievable rate of 300 m.p.h. During the next 25 years the rate increased to 800 or 900 m.p.h. We know that, today, the rate of travel is even higher but what it may be in another 25 years is still unknown. It may possibly be two, three or ten times the present rate.

These developments are characteristic of the age in which we live. Tremendous advances are being made in many other fields, such as the weapons of war, physics, and in the cultural field and social sciences. These advances represent the acquisition and application of knowledge and control of the environment. This control is exercised through organizations and their management, and training is one of the most important single ingredients of these fundamentals because training deals with people.

These developments require a recognition of the fact that all organizations and all progress are based upon human resources and that these resources prove most productive when they act in concerted fashion. That is why the training of supervisors and of trainers is especially important.

As a general hypothesis, all persons who are in formal control of others are supervisors. However, the greatest amount of supervision covering the greatest mass of workers takes place at the lower two or three rungs of the supervisory ladder. Therefore, it is probable that more effective results can be accomplished in training at those levels than at any of the higher levels. The relationship of supervisor to employee at these levels is unusually close and involves more in the way of human relations than at any other level of supervision.

There is a generic concept in human relations which asserts that the pattern of human behavior can be studied and solutions applied in a wide variety of affairs. Most workers - in fact about four out of five - follow fairly uniform and good behavior practices. It is the remaining one-fifth, which follows irrational behavior patterns, that gives supervisors and trainers the greatest amount of trouble.

The recognition of this behavior pattern calls for a new generation of supervisor-trainers who are skilled consultants rather than dictators. All workers, especially troubled workers, require consultation more than dictation. The introduction of this principle into the fields of training and management is a manifestation of man's growing intellect and increased knowledge of himself. The freeing of the worker's intellect from arbitrary

commands is an evidence of democracy.

Some of the major principles involved in the consultative, human relations concept are:

(1) The trainer and the administrator must understand and learn how to deal with the informal as well as the formal aspects of administration.

(2) Communication with one another must be on a level of mutual understanding.

(3) The trainer must learn to establish and maintain an environment of two-way communication. He must listen as well as speak.

(4) Trainers must introduce change without provoking resistance. This can be accomplished only by logical and reasonable explanations given in advance of the change.

(5) Healthy superior-subordinate relationships must characterize an organization if it is to function along effective, democratic lines.

(6) Trainers must be able to distinguish the realm of feelings from the realm of facts. Both are equally important. But they must not be confused.

In handling the irrational worker there are four well recognized rules to follow:

(1) Face-to-face contact is required and good rapport should be established.

(2) Troubled workers should be encouraged to talk about their problems rather than be told arbitrarily what to do about them.

(3) Personnel records should be established to facilitate the handling of this type of case, and

(4) Decisive action should be taken upon the basis of the facts that emerge.

I have already mentioned the inseparable relationship between human resources and organization. I should now like to read a short article from the April, 1957 issue of the Management Digest on "Dandelions in Organization," by Lawrence A. Appley.

"Just as it takes patience, persistence, and constant control to keep dandelions from taking over and changing the character of a beautiful lawn, so it takes patience, persistence, and control to resist certain perfectly natural pressures within human organizations. There are normal characteristics in people which constantly express themselves in group situations.

Management savvy, a sense of humor, and firmness are necessary if these characteristics are not to dominate an organization climate.

"One of these dandelions in organizations is the desire of almost everyone to report to as high an executive level as possible. That is why presidents frequently have so many individuals reporting directly to them without intervening supervision. That is what gives rise to the perennial and sometimes muddled discussions about executive span of control. It is easy to understand why an individual should want to be as high up in the organization as possible, but this tendency has to be kept within bounds. Otherwise management inevitably finds itself in great difficulty at all levels.

"A second dandelion in organization is the continual attempt to pass the buck, to get decisions made at higher levels. Even though lower levels of management strongly demand decentralization of responsibility and authority, human beings are paradoxically unwilling to accept final responsibility for decision. They try, therefore, to get higher authority to make or concur in the decision so that if it proves wrong, blame cannot be fixed solely on them. Constant management effort is required to see that decisions are made at the nearest possible point to the place where the decisions are to be put into effect.

"Another dandelion is the demand for special reports. Unwillingness to learn how to interpret and use standard reports already available seems to be a human characteristic. There is continuing pressure, therefore, to have a particular manager wants it made out because that is the way he can most easily understand it. Accordingly, the same information is available in many different sets of statistics. Often you can find identical information in two reports that differ only in arrangement or layout. Management, therefore, must make an effort to train people in how to understand and use standard reports. At the same time those who make up the standard reports must be sensitive to the desires of those who use them as to the kinds of information they want and need and the manner of its presentation.

"A fourth dandelion in organization is the creation of forms. I know of one firm that has been quite successful for many years by charging as its fee a percentage of the printing cost it saves a company by eliminating forms. A form seems to establish a procedure and give it formal recognition. There is nothing in which human beings are more adept than in the establishment of procedures related to their own activity. If central control is needed for anything, it is needed for the creation, use, and elimination of forms.

"A fifth dandelion is the unwillingness of people to select strong subordinates - individuals as capable as or more capable than themselves. This results from a perfectly natural and human fear on the part of an executive that he may lose his job if someone is available who might do it better. In many instances, I am sure, people have been given ample reason to have such fear. Unwillingness to pick strong subordinates, however, is a

tendency that can eat away like cancer at the inards of an organization. It is far more serious than a growth of dandelions. Individuals who can pick subordinates as good as or better than themselves should be rewarded for it. They possess precious management skill that is a great asset to the organization. Much concern has been expressed about this problem, but very little has been done about it in a conscious, formal way."

I have spent many years of my life in the fields of budgeting and efficiency. One principle that has served as a useful guide in such works was simplicity - simple forms, simple procedures, and simple processes - which makes work easier, quicker, and less expensive. Put in another way, why make your work complex? Why not do it the easy, obvious way? One man in the United States gained fame and fortune by doing only those things that were obvious. His name was Oliver B. Adams. He started to work at the age of 12 and became one of the most talked-of men in the advertising business.

While working in the public market in New York City, he attended night schpol. One night he heard a lecture by James B. Oswald, president of the famous Oswald Advertising Agency. Young Adams decided there and then to work for a man like James B. Oswald.

When he asked for an appointment he was informed that Mr. Oswald was very busy. Oliver sent this message in to Mr. Oswald: "Tell him I can wait for an hour and ten minutes." There was something in the simple directness of the boy that caught the imagination of this top executive, so he asked him to come in.

Oliver was a very ordinary looking boy, not especially bright in appearance, and seemed to lack alertness. Mr. Oswald, after sizing him up, told him that he was not cut out to be an advertising man. As he got up to go, Oliver said: "Well, Mr. Oswald, I have decided to get into the advertising business and I want to work for you. I thought the obvious thing to do was to come and tell you so. You don't seem to think I could make good so I will have to set out to find some way to prove it to you. I don't know just how I can do it, but I'll call on you again when I have found out. Thank you for your time. Goodbye."

Mr. Oswald was a trifle irritated. After the boy left he thought - how many have sense enough to see and do the obvious thing? How many have enough persistency to follow through their ideas of what is obvious? In our organization there should be some place for a boy who has sense enough to see the obvious thing and to set about doing it without fuss and fireworks. The next morning he sent for Oliver and this was the beginning of a great career in the advertising business.

Oliver B. Adams became known as "Obvious Adams." The clients of the Oswald Advertising Agency insisted that "Obvious Adams" study their problems and write their copy. He was not clever but he always seemed able to see the essential points and to set them down clearly. He was never carried

away by the facts. He just looked at them squarely in the face and proceeded to answer them. He had a simple horse sense analysis of every situation, and more horse sense in working out a plan. To him advertising was not "white magic" but just plain common sense.

There is a need today for more people who can see the obvious and then proceed to do it. The obvious escapes most of us because we spend too much time looking for precedents and trying to find out what has been done by others. The obvious things are sometimes the hardest to see. To the man of knowledge and practical experience the obvious is usually simple. The more experience we have, the more obvious the solution should be to our problem.

Many of us look for answers to our problems in text books when the obvious solution is right before us if we will only look hard enough at the problem. And the obvious thing is usually the right thing to do. When in doubt, get the facts, analyze them, think hard and ask yourself, "What is the most obvious thing to do, the most reasonable, practical and worthwhile." You may be amazed at how easily many of your problems can be solved by such a course of action.

I wonder if this ability can be taught through training classes. I am inclined to think it can be. At any rate it appears to merit a trial. I must leave it in your hands for a decision. However, I do urge you to explore the possibility thoroughly and objectively for the purpose of determining this important issue.

Now, on the less serious side, I want to quote from an article on "Developing Managers" by Myles L. Mace.

"It takes study, of course, to determine how much responsibility a man can actually assume at any one time, and how it should be given to him. I am sure that the boss who really studies this problem will not make the mistakes of what I call the "Americanus Delegatus."

"This "Americanus Delegatus" is a new genus of birds which some of my associates and I, through our study of actual businesses, have discovered.

"The first delegation bird observed in American business is what is known as the "white-shirted hoverer." He is the boss who gives his subordinate a job, and then as the subordinate goes about doing the work, he "whoops," "whoops" and "whoops" him right down to the completion of the job.

"Next there is the "yellow-bellied credit-snatcher." Everyone knows this bird; I have a model of one in my office. Then, of course, there is the "pussy-footed mouse-trapper" - a rather common species. And, finally, one of my favorite birds is called the "crested crown prince" - the boss who, by habit, lays his eggs in somebody else's nest.

"Perhaps this study of the "Americanus Delegatus" will serve the boss as a reminder of the distinction between merely recognizing the concept of delegation and actually practicing it on the job with regard to his subordinates."

Probably many of you are familiar with two recent teaching techniques in the field of public administration that are directed toward the development of human resources - specifically case studies and critical incidents. A case study in public administration is somewhat similar to the case study technique in the teaching of legal subjects. It requires the recording of all the facts in a given case that may profitably be used for study and teaching purposes. Good and bad practices are revealed as a result of the study of such a case. Errors become obvious and lessons may be learned from them. Somewhat similarly, "critical incidents" are short, written accounts of a public administration situation that points to either good or poor administrative practice. Again, by subjecting such incidents to the teaching approach, many valuable and worthwhile lessons may be learned.

I have been greatly interested in the development of the case method approach in the teaching of public administration and the same thing should be done in the field training. A written account of a training program or of a series of training problems seem to have value to a group of people such as are present here. What would you think of the idea of writing up cases or critical incidents covering either good or bad situations affecting training programs for circulation or discussion among this group? It seems that all of us could learn as much from the mistakes of others as we could benefit from an exchange of information on good practical experiences.

SOME ASPECTS OF EXECUTIVE DEVELOPMENT*

by

Fred G. Crawford
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I SHOULD LIKE to discuss a few points, important ones, I believe, on the contribution that public administration and training in public administration has made and can continue to make in a furtherance of the development of the Philippines. By use of the word "development" I refer, rather generally, to social, economic, and political progress. More specifically, this topic involves what administrators and supervisors can and should contribute to such progress.

Administrators and supervisors are executives and each of you are members of this important segment of the government. In an advisory capacity, I am a member of your group. This mutuality of interest permits me to speak about "us" rather than "you". We face the same problems and the same challenges and we jointly seek acceptable and adequate solutions.

Let me speak, first, about the challenge, and next, about the problem.

The basic challenge, and some of the measures that have been taken to meet it, may be stated as follows:

In the Philippines, we have a new nation, successful in its formative struggle during the trying post-war years, having established itself internally as a republic and externally in the family of free nations, facing the world today with resolve and a firm determination to exercise leadership and a creative role among its sister nations, which it must do for its own as well as their survival.

This nation has reason to be confident and proud. The government and people of the Philippines have looked to the future. The basic needs of the nation have been faced. Time permits only the most scanty reference to successes to date and those to come. Departments of government have been and are being reorganized and streamlined; internal peace and security realized; the health of the nation dramatically improved; malaria practically eradicated; hospitals rehabilitated and modernized; doctors and nurses trained. The heretofore hidden resources, which have been under the earth's surface for centuries, have been located and are being developed to add to the wealth of the nation. The great potentials for power and irrigation found in the

*Address delivered at the graduation ceremonies of the Supervisory Development Course Group, March 28, 1958, Tarlac, Tarlac.

rivers and waterfalls, through the long-range planning and the work of engineers, are taking shape in large dams, canals, hydro-electric plants, and powerlines. The once dusty carabao trail is becoming a feeder road from barrio to national highway, opening further the channels for communication and trade. Not only is the homecraft industry being improved through the introduction of new materials and new processes, but heavy industries in metal, wood, rubber, plastics, and others are making great strides and offer evidence of a new day in industrial development. In the fields of agronomy, horticulture, and animal husbandry, new strains, new methods of planting, propagating, harvesting, and marketing are becoming increasingly common.

The school system from the primary to the college level is being extended and improved. In a brief ten years, the school population has doubled, expenditures for education have quadrupled. Considering the ravages inflicted during the war, the problems involved in its new citizenship and the great defense effort during this period of general world unrest, the effort toward providing public education attests not only to the faith of the people in education but to the realization by the government of its importance to the general welfare and economy.

In other words, the foundation for a real democracy has been laid. There is still much to be done and each year that passes will see additional progress made. These, then, are the ingredients needed for progress in these epoch making times. Here in the Philippines is a people imbued with the democratic ideal, determined to hold high the torch of freedom; a people whose destiny is cut from the same cloth as that of other free nations - for the aspiration of freedom-loving men the world over are alike - and the same forces, positive or negative, affect all.

Here we have a people and a nation alert and striving, making the most of their opportunities and at the same time realizing that the task is difficult and that the responsibilities are ever-increasing, knowing full-well that the future holds even greater promise and even more problems.

As to the second point - the problems. What are these problems? A man I greatly admire and respect, Budget Commissioner Dominador R. Aytona, has stated them as follows:

"We need to continue to pursue the way to better government, and, through that, to economic security and social justice. We must provide more and better schools, achieve better health conditions, better transportation, better communication, better agricultural methods, better ways to market our goods, but even more important than any of these - better management of the business of government.

"We all know, from many frustrating experiences, that these desirable goals are much more easily stated than accomplished. Until qualified staffs perform efficiently, under good supervision, to execute well-conceived programs, we shall not advance in our task to serve the public interest.

"The fact is, although our nation is blessed with many resources, an abundance of management know-how is, unfortunately, not among them. True, our nation has produced many heroes and great leaders. But we overburden those leaders through our lack of a strong force of executives to support them. There may have been a time when a few leaders could express our national interests and advance them alone. We shall never have those days again. Independence gave us new responsibilities. Our growing population presents new problems. Better communication and improved education make our people more aware of their conditions, more eager to improve them, and more exacting in their demands for better service from their government.

"Part of the solution for our administrative deficiencies is to delegate and to decentralize. But who is to receive and assume the responsibilities that these simple and obviously necessary concepts imply? We lack enough executive talent to do the job before us. What's more, if our economic planners can encourage the industrial and commercial development we hope for, our private business enterprises would expand even faster than our government, and thereby increase the competition for scarce executive talent. The need is great; it exists now; and we cannot wait for new generations, still in our schools, to fill the need."

In these words, the Commissioner has defined our needs. I so heartily subscribe to his proposed solution that I could use his words as my own. He has said: "Having criticized, I must now propose a remedy. This is my proposal for executive development:

"1. Reform our civil service practices. Now that we have a classification plan that defines the kind of jobs and prescribes the desirable qualifications to fill them, we must modernize our testing methods to assure selection of those who are precisely qualified for the job they are to do. The old system of testing by general grades fails to give us the first ingredient needed for executive development; namely, candidates who have demonstrated exact preparation for their job. Our entire civil service system is too much concerned with preventing political abuse. If the civil service authorities were to do a better job of attracting and selecting highly qualified people, the abuses would disappear automatically, even as they have in other places where modern personnel practices prevail.

"2. Train specifically for public service. Fine work is at present being done by the Institute of Public Administration of the University of the Philippines. Its influence already is felt in many agencies where administrative analysts and other professional public administration technicians are contributing to improved public management. Universities throughout the nation should follow the Institute of Public Administration's

example. They should open courses which teach the application of various professional disciplines to public service. Engineering, law, medicine, accounting, forestry, nursing, social service - these are all professional services badly needed - but they are of maximum use only if their values and application in public service are made clear, and if executives are trained in their proper utilization and coordination in the public interest.

"3. Improve the incentive to enter and remain in public service. Improved salaries are part of this incentive. Improved working surroundings and conditions as we gradually rehabilitate our public buildings will be another. But, most important of all, is the restoration of the prestige of public service. Here we can all make a contribution. The esteem in which public service is held is in direct proportion to the esteem we earn. We earn esteem by prompt service, by fair play, by our integrity in every thought and deed. One anomaly will overshadow a hundred efficient acts. Each of us owes to our government the highest order of exemplary conduct and performance. Each of us should be so jealous of the good reputation of public service that we will not condone any misconduct or failure of performance among ourselves or among our colleagues.

"4. Practice the art of good management. Even without further training, each of us has some knowledge and competence in the executive field. The least we can do is to practice well as much as we now know. We should not wait for others to adopt better practices. On our part, we should put into the routine of our everyday management, the principles we have learned during training programs.

"5. Develop understudies. The finest monument we can leave to mark our contribution to public service is one or more new executives who have been inspired and trained by us to exceed even our own abilities. The easiest way to do this is by the intelligent delegation of authority to them. When we have so divided our work among others that we need only to coordinate their efforts and to check occasionally on results, we have fulfilled the two-fold purpose of freeing ourselves for constructive thinking and planning, and of teaching others to assume responsibility.

"One word about delegation. When we delegate our authority to those under us, our delegation must be wholehearted and complete. In the name of delegation we often see work assigned to others only to be done again by the executive himself. Real delegation means entrusting an entire job to another. It requires the willingness to see others make mistakes in our name, and the tolerance to understand that the lessons taught by those mistakes will shape and temper the future skill and character of a new executive.

"6. Institute executive development programs within the government. Executive ability is no longer regarded as a talent with which a man is born. It is a skill which can be developed. This development requires both the acquiescence of the individual, and the application of training.

"Executive development training may take many forms. We can extend our

knowledge by reading a book. We can improve our understanding by discussing mutual problems among ourselves. We can share the experiences of others by hearing from noted authorities in management and from the teachers of management. We can measure our understanding and progress by applying the criteria which have been developed by other executives.

"Above all, we must acknowledge the need for our own development, and work everlastingly at it. We really are never too old to learn. The fact is, we must never cease to want to learn. Having gained a certain preeminence by virtue of the position we hold does not exempt us from further growth and development. Indeed, the higher we rise the greater becomes our obligation to enlarge our wisdom to equal our authority."

Let me be a little more specific about executive development. We all know something about it. The success of the course just completed is a testimony to that fact. Yet, repetition and a restatement of a subject in somewhat different language usually serves a useful purpose.

Using the question and answer technique, here is a statement of the elements of a successful executive development program. I think that each of us should keep it in mind and put it to use in our daily professional activities.

What is executive development? Executive development is teaching people to manage better. It has two objectives:

First, to improve the performance of present executives, and

Second, to insure an adequate supply of qualified executives for the future.

To whom does it apply? Executive development should apply fully to everyone who is in a supervisory position, regardless of level.

Does your agency need it? I believe it does. Most agencies do. I think it is both safe and conservative to say that all agencies need such a program because a lack of it leads to stagnation and stagnation is the first step on the road to failure.

Why does such a need exist? In addition to overcoming the negative factors I have just mentioned, executive development is required to achieve these positive and progressive results:

1. Executives manage in terms of well-known policies, practices, and standards of performance developed for their own units.

2. Every executive job is clearly defined, with a minimum of overlapping and duplication.

3. Executives invite recommendations and suggestions from subordinates; delegate effectively, utilizing the concept of completed staff work; provide

new learning opportunities; and insist on high quality work.

4. Executives communicate with their subordinates as well as their superiors.

5. Executives informally counsel and coach subordinates and periodically help them to appraise their own performance.

How do you introduce it? Although frequently said, it must be repeated: Executive development should not be introduced without support and leadership at the top of the organization. This does not have to be the head of an agency or department. It can be the head of a subdivision, with substantial power and influence, who is willing to back a systematic approach to this function for his own organization.

Administrative support, however, is not enough. Acceptance by the people affected must be gained. The person responsible for the program should first spend a substantial amount of time talking to the people to be trained. He should then talk to executives at every level to gain an appreciation of their attitudes and to secure an expression of their opinions. An amalgam of these impressions should play an important part in deciding the approach to be used.

Are there any "principles" of executive development? While not definitive enough to be termed "principles", here are some guides to thinking about executive development:

1. Helping people become more competent in present jobs, not preparation for promotion should be the main objective of executive development. Next in order of importance for the individual are: Development of replacements; and preparation for a higher or different job. In recent years, too much emphasis has been given to preparation for promotion. In realistic terms, excellent performance on the present assignment and availability of a successor are the most important criteria for advancement.

2. Interest in self-development, more than any other factor, determines the direction and the extent of individual growth. Unless the person demonstrates capacity for self-development and interest in it, no agency-directed training or development program will make him a substantially better executive. More and more we are learning the importance of the self-development aspects of this work - and learning to provide self-help materials, information, and stimulation to the people who want and can use them.

3. Next to interest in self-development, probably the chief stimulant of growth is the ability of the executive to teach those who report to him - by personal example, by standards, and by coaching. This is true at every level of the organization. For example, in the General Electric Corporation, of 300 very successful managers queried as to "How did you develop into a good executive?", 90 per cent said, "I got my greatest development when I was working for 'so-and-so' in 'such-and-such' department."

4. Since the executive is, in a real sense, a teacher, training in teaching is important. High-quality, participant-centered instruction, preferably with skill-practice through role-playing, can definitely help a man improve some of his teaching skills.

What is the relationship of training to executive development? Work experiences are important aids to executive development. They should emphasize on-the-job growth opportunities. Some examples are participation of subordinates in committee work; delegation to subordinates of new or different responsibilities; requests for recommendations from subordinates on special problems; and, job rotation. Off-the-job courses or seminars are useful if they favorably and substantially affect the attitudes of the participants, offer opportunities for practicing skills, and thus are likely to result in on-the-job improvements.

How to evaluate it? One can get many surface impressions of success, or lack of it, but in the final analysis, executive development must be judged in terms of:

First, demonstrated improvement in performance on the part of the executive, and

Second, an adequate supply of qualified executives available to fill vacancies.

It may take four or five years to see a substantial change, but it can be done. Genuine, not paper, improvements are beginning to be realized in a number of progressive organizations.

In the Philippines, a great deal of progress has been made toward executive development and the program that has just been completed is another important step in the right direction. However, we can not stop here. We must take the results of this particular training course back to our jobs and apply these teachings to our daily tasks. Further, we must share this knowledge with our associates. They must learn from us. We have an obligation to teach, inspire, and improve them. Only when these results have been achieved can we say that this particular training course has been truly and fully successful.

All of us have a small share in shaping the glorious destiny of the Philippines. Our share consists of practicing, and of sharing with others, the art and science of good government through the enlightened discharge of our executive responsibilities. Through the success of our endeavors we can materially help the people of the Philippines to realize their national aspirations: to become internally, more democratic; economically, more self-sufficient; politically, more mature; and, internationally, a stronger force in the Free World struggle against the menace of International Communism.

SOME PRINCIPLES OF PUBLIC ADMINISTRATION*

by

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I RECALL A film which the National Safety Council in the United States prepared. It was an animated cartoon portraying the Dr. Jekyll-Mr. Hyde characteristics of many of our people when they get behind the wheel of an automobile. A kindly and very unassuming Caspar Milquetoast type of gentleman meanders along the sidewalk as a pedestrian - looking right and left at crosswalks, showing much caution - helping elderly people across the street and exhibiting great thoughtfulness and human kindness - and reflecting mentally on the actions of all the careless drivers with whom he has to cope. He goes home, perhaps for lunch, and having taken the afternoon off, decides to go across town to visit his grandchildren. He goes into the garage, gets into his car and proceeds to back into the street. The camera then gives us a closeup view of our Caspar - and lo and behold! - he has developed a set of horns on either side of his head - his face has become distorted - fire and flame dart from his eyes - his mouth is twisted into a vicious sneer - and Dr. Jekyll has become Mr. Hyde!! He takes off down the road - completely oblivious of his fellow man - disregarding all stop signs, cutting corners on two wheels and taking great pride in seeing if he can denude the pedestrians without knocking them over!! He is now devoid of all human kindness and has apparently forgotten all he knew of safety rules and regulations.

Now this may be a very harsh analogy. But it seems to me that it illustrates certain characteristics which we who call ourselves executives - or administrators - or management personnel - are prone to exhibit. We speak quite freely of principles and techniques which we know, if applied, will lead to improved management and public administration - but put us behind a desk - the steering wheel of the administrative machine, if you will - and we forget much of what we formerly knew.

It is with this thought that I would like to introduce my subject - Principles of Public Administration. There are many principles upon which sound public administration is based. So many that it would be impossible to discuss them all in a brief time. Let us then confine ourselves to a certain few about which we are all aware - but which

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executives the world over are inclined to forget, overlook, or neglect under the stress of getting things done - which after all is public administration - separation of powers, delegation of authority, and the developing of understudies - and reflect for a moment on the extent to which we actually put them into practice in our working situations.

We speak of separation of powers - legislative action and executive action should not be intermingled. The Legislative Branch of government is responsible for establishing broad national policy, determining governmental programs, developing statutory framework and providing and delimiting the financial resources within which the Executive Branch is responsible for acting in the best interest of the nation. Almost all theorists in public administration support such a principle. And yet, how rigidly do we apply this principle and practice what we preach? In how many instances do legislators confine themselves to determining the general framework for governmental action, and allow the executive to carry out the programs unimpeded, and then objectively review and evaluate the results?

A case in point is the so-called program budget - in the Philippines called the performance budget. I will not go into all the aspects, nor all the pros and cons - for there are both - of performance budgeting. Its principle, however, is relatively simple. The legislature provides funds on a broad program basis, rather than for specific organizational units, and allows the executive freedom of discretion and action to shift emphasis among projects within those programs as public necessity requires. The legislature reviews program performance and evaluates the overall results.

By way of contrasts, take the line-item budget by which the legislature approves specific positions and specific salaries for a given organization. Within these limitations the Executive Branch must carry out its programs for an entire year. The organization is frozen--but public needs are not. The Executive can make no remedial changes involving shifts in job responsibilities and coincident salary adjustments--even if good program planning dictates such changes.

But a performance budget provides the Executive with a lump-sum of money for all expenses of a given program, to reach a series of stated objectives. The legislature may or may not place a limitation on salary expenses - that is indicate that only so much of the total appropriation may be used to pay personnel. Be that as it may, the Executive, bound of course by rules and regulations pertaining to classification, salaries, and civil service, has a certain freedom of action to organize and staff his agency as changing circumstances require. In a sense, this places upon the Executive a greater responsibility--for he is devoid of one possible excuse for having failed to carry out his program. He can no longer say that he was unable to deploy his resources to secure the best results because he was hampered by Congressional line-item limitations.

But the benefits are not all on the side of the executive; the legislative branch also gains from performance budgeting. It can review budgetary proposals comprehensively in terms of total programs and objectives and can evaluate much better what accomplishments are anticipated through the use of the funds requested. The Legislature can devote its attention to what will be done, rather than to which organizations will exist and what personnel will be compensated. Program evaluation is most difficult if the legislature views total program objectives piecemeal by looking individually at each organization which contributes to the program total.

The second principle of which we speak is that of delegation of authority, - of the giving of authority commensurate with responsibility, - of decision making at the lowest practicable level. The fact is that the administrator too often doesn't take full advantage of the resources at his disposal. He makes his own job all the more difficult because he does not visualize his organization and his personnel as the very heart of good administration. What is his job? - to get things done through the efforts of others. What is his organization for? - to provide the structural pattern and relationships through which he can get these things done. Why does the administrator or the executive have an organization, if he intends to do the work himself? How often does the 'chief' take his work home while his staff spends the evening relaxing? You've heard of the expression - "All chiefs and no Indians." - meaning everyone is a boss and nobody does any leg work. Failure to delegate really makes the chiefs into Indians and the Indians into drones.

Lack of delegation presents many problems. We all know them - the executive so encumbered with details as to relegate his true planning, policy, and control functions to insignificance - operations and programs delayed, many times to the complete sacrifice of any benefits they originally offered, simply because no one is around with authority to act - the effectiveness and efficiency of the workers and supervisors at lower levels suffering, not only because these employees realize that errors or oversights will be caught by someone up the line but primarily because they have no incentive or motivation to assume greater responsibility.

Lack of delegation affects an organization in somewhat the same way as the failure to lubricate the axle of a bicycle - it will not turn freely and as fast as it should. It may even stop if not lubricated in time. To delegate authority and responsibility requires in many cases great initial effort and patience - until those to whom authority has been given learn to react properly to their responsibilities and come to act as we hope they will act. There may even be a few mistakes made - but how can our subordinates hope to learn if the administrators cannot accept these mistakes philosophically, correct them with understanding, and use the occasion for training purposes. The burden of responsibility is the great developer of men. We tend to feel that it is much easier to do things ourselves than to take the time, effort, and patience to show someone else how it is to be done. This is perhaps true - but it is also shortsighted. It may take considerably longer in the first few instances, but certainly over a period of time we find it a much easier alternative

to delegate and then to evaluate and appraise results and take corrective action when and if it becomes necessary.

Many administrators tend to believe that they have relinquished their own prerogatives by delegating to their subordinates. We know better. We know that the one who delegates continues to be responsible in the final analysis, and that he has merely given to someone else the authority to act for him, and thus to free himself for other more significant work. He will be held responsible if the authority which he has delegated is not used properly. And yet the good administrator must accept this possibility as one of the problems of his profession if he is to carry out his total responsibility effectively. We know better than to think that we can shed responsibility simply by delegating authority to someone else - but we must also put our knowledge to practice.

Related to our general neglect to delegate authority and responsibility is our failure to practice a third principle - that of building and developing understudies. Our work, regardless of where we are in the hierarchy, - top management - middle management - first line supervisor - must go on long after we are gone. As much as we may not like to think of this possibility, we must face the inevitable. An understudy is much like an insurance policy - the practice is preparation for the future. Even in the present, our work must go on in our temporary absences. Now we might say - "Well, obviously it will go on - my superior will fill the void while I am away and make the necessary decisions." But what should happen if we were forced by circumstances to absent ourselves for an extended period of time or perhaps permanently? We cannot expect our superiors to assume this dual role indefinitely - this would be humanly impossible. We might say - "Well, when the time comes, we can train someone." We must be realistic. In the first place, we might not be sufficiently forewarned when the time comes and then it will be too late to reconsider. Under these circumstances, until our replacement is adequately trained, the entire operation faces a slow down and possible misdirection. In the second place, we must recognize the vast difference between training for a supervisory or management position and training for first line operation positions. Training for operating positions is one thing - it can be done with relative ease and speed. In some cases, post entry training is not even necessary. But training for management positions is something else. A much greater breadth of understanding is necessary-- and does not come overnight. A man might work for the greater part of his career in one office, and yet not realize the full significance of managing it unless he has been exposed to management's problems and has been given responsibilities in that connection.

Those in management and executive positions in the government service have an obligation, which they must consciously and selfishly recognize, of doing what they can to insure a smooth transition both in their absence and upon their departure. This will not be possible unless we make sincere efforts to develop subordinates who will be prepared and capable of carrying on. A great deal of in-service training is and has been underway in the Philippine Government. At this moment, the Institute of Public Administration and others are making plans for executive development and training

programs. These are unquestionably forward steps of the highest order in meeting the problems of tomorrow and the building of a corps of well-trained personnel for the government service. Nevertheless, these steps in themselves will not provide the maximum results unless the executives and other management and supervisory personnel of today fully support them in their day-to-day operations. Training of any kind, if it is to be fully rewarding and effective, must be supplemented with experience - and this experience is possible only through the purposeful and planned development of subordinates.

I have spoken very briefly of but a few of what we call principles of good public administration and which we apply in practice in varying degrees. I did not hope to impart anything new to you today - you have heard these principles before. I have nevertheless accomplished my mission if I have caused you to reflect upon your own administrative behavior and to evaluate the extent to which you are personally applying these principles. I will close by suggesting that all of us in executive and administrative positions take the time someday in the immediate future to consider more carefully our administrative settings - to see whether or not there are other means for management improvement of which we are fully aware - but have overlooked. I would also ask those of you who are in training to become management analysts to stimulate and rekindle the knowledge that many administrators possess - but do not use. Above all, let none of us allow ourselves to become a Dr. Jekyll-Mr. Hyde of public administration--or if we are already members of that group, let us immediately consider submitting our irrevocable resignations.

TRENDS IN PUBLIC ADMINISTRATION*

by

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PUBLIC ADMINISTRATION relates to the content of all government activities and the manner in which they are carried out. It would be presumptuous of me to pretend or attempt to cover the entire realm of government interests - if for no other reason than I am not qualified to do so.

Let us then confine ourselves to only certain aspects of public administration in the Philippines which are of great significance in the development of improved service to the people.

For the purposes of today's discussion we will consider four basic elements of public administration:

(1) Governmental Organization
(2) Public Finance
(3) Public Personnel
(4) Administrative Management

In each of these areas, certain trends toward improvement are evident. In the area of government organization, there has only recently been completed a thorough study of the governmental structure. Thirty-four reorganization plans have been approved by Congress and have either been implemented or are awaiting implementation. These affect not only many government entities but all government employees. The plans as a unit will have the general effect of clarifying, consolidating, abolishing, or transferring functions to promote efficiency and economy and simplify the governmental structure. They are intended to strengthen and eliminate unnecessary duplication in governmental administrative services through what is considered at this time as an optimum of centralization. They encourage the placing of authority and responsibility at the lowest practical level to promote expeditiousness in government operations and permit individuals at higher levels to devote their time to planning, policy making, and important decision making. They lead to decentralization of government operations to make them more directly available to the people.

Many changes along these lines are taking place without the benefit of reorganization plans. Two examples come to mind - both concerned with

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decentralization, delegation, and a closer association between the government and the public. About one year ago, the Bureau of Internal Revenue established eight regional offices and has just recently established two more. The Bureau of Lands in the Department of Agriculture and Natural Resources has established regional and district land offices throughout the Philippines. These steps may be only the forerunner of further moves toward decentralization if the philosophy of the reorganization plans takes hold and when the improvements in the operations of these two agencies become evident to more and more public officials and to the public itself.

Let us not be misled into thinking that the reorganization plans are the end to all problems of organization within the government. Circumstances change from day to day; needs of the people go through the process of evolution. The organization and the processes of government must change to meet these conditions. Constant attention must be given to the structure of government so that the need for changes is readily recognized and the changes are brought about in a timely and opportune manner. Let us remember too, that the reorganization plans deal basically with organization, functions, programs, and governmental relationships. There still remain the actual operations and the processes by which government business is performed. This is an area which is relatively untouched and provides a fertile field for scientific management. This aspect of the matter we will discuss later.

In the field of public finance many significant steps are being taken or considered. Financial administration and fiscal management constitute an essential arm of public administration. Deficiencies in this area have serious effects both upon the public budget and the private economy, and affect efficiency of expenditures, effectiveness of the revenue collections, and the spread of the tax burden among the public. Public finance for our purposes can be envisioned as having four elements - (1) budget administration, (2) auditing, (3) accounting, and (4) revenue administration. Performance budgeting has been introduced in lieu of detailed line item type of budgeting. Performance budgeting is a process through which budget estimates are prepared based upon programs and planned performance within those programs and funds are expanded and reported in terms of programs and program performance. Heretofore, estimates were prepared along broad organizational lines, with supporting data on staffing requirements, objects of expenditure, and specific items of equipment. Under this system, it was most difficult to determine the effect of budgetary reductions against government programs and projects or evaluate the effectiveness of appropriated funds in terms of those programs. Business-type budgeting is being introduced in government agencies involved in commercial business type activities such as the Bureau of Telecommunications, Bureau of Printing, and Bureau of Supply. Business budgets imply a profit-loss, income-outgo form of budget planning and execution.

In audit, the trend is toward post-audit rather than pre-audit, and the recognition of agency responsibility for internal control and enforcement.

The pre-audit system tended to involve the Auditor General in the administration of an agency's affairs. Because of the uncertainty as to the GAO acceptance of a particular transaction, the tendency was to seek advance determinations from that agency. This not only in essence detracts from the inherent responsibilities of an agency to administer its own programs and make its own decisions as to what should be done, but obviously constitutes a delaying factor in expeditious handling of government business. In addition to the change to the post-audit concept, there is a trend toward auditing, not only from a pure statistical or mathematical point of view, but from the standpoint of administrative compliance with both agency and national policies and standards.

In accounting, the concept of obligation accounting has been introduced. Obligation accounting is based upon the establishment of an incumbency against available funds at the time a contract or purchase agreement is entered into, and prior to the actual expenditure of funds. In other words, available funds are reduced in an appropriate amount at the time a debt is incurred so that accurate administrative control of funds is possible. Without obligation accounting, it is exceedingly difficult, if not impossible, for management to know the status of its funds and limitations of its future programming.

In the field of revenue, as I mentioned before, decentralization has been the most significant development. Much has also been done to improve collection administration within the Bureaus of Customs and Internal Revenue. Tax laws have been changed, rates have been revised, the tariff code has been amended, and studies are currently underway to seek improvements in local property tax assessment and collection procedure. Internal revenue collections have increased from approximately 286 million pesos in Fiscal Year 1950 to 616 million pesos in Fiscal Year 1957.

As we proceed in this vein I am compelled to re-emphasize that each of these areas we are discussing represents a field or several fields of public administration. Much more could be said about each and everyone of them in terms of trends and developments and problems. Unfortunately, I am not intimately familiar with all of them and am attempting only to highlight certain developments which seem particularly significant.

Let us now proceed to a third basic element of public administration - Public Personnel.

Perhaps this is the most important aspect of public administration. The end objective of public administration is providing services to and for the people, efficiently, effectively, and economically. Give the taxpayer the most and the best for his peso - that could be the motto of public administration. This service to and for the people is provided through a multitude of government organizations - which are nothing more than groups of public servants banded together to achieve a given objective. It has been said many times - and it bears repeating - an organization and its operations can be only as effective as the personnel manning that organization either want it to be effective, are interested in its being effective,

or are able to make it effective. Only two things are necessary for an organization to fulfill its mission - administrative machinery - the processes, procedures, and methods by which the mission is fulfilled - and resources - the men, money, and materials with which it is fulfilled. Nevertheless, all the administrative machinery, all the streamlined methods, all the men, money, and materials - will not insure successful public administration. The caliber of personnel, their attitudes, their devotion to duty, their responsiveness to the public, - all these and many other characteristics of public personnel are the hub of the wheel which determines the effectiveness of the administrative machinery and the resources. True, there may be instances where administrative machinery can be made to work at the optimum level - despite the inadequacies of the public personnel involved - but these instances are certainly few and far between.

Perhaps the biggest single trend in the field of personnel management is the emphasis which has been given to in-service training, such as the program we are launching today. In-service training is an effort to develop and train employees so that they may better perform their current job assignments or progress to higher and more responsible positions. In this way, and many others, a career civil service and a resultant stability in government can be attained.

Another related development is taking place in the field of academic training where individuals with an interest in a government career can now pursue courses of study leading to degrees in public administration. The Institute of Public Administration was established in 1952 for this purpose, and serves not only to develop and prepare individuals for public service but as a media to stimulate interest and support of improved public administration and to encourage exchange of information, knowledge, and ideas in the field of public administration. Only lately, the Araneta Institute of Agriculture announced the establishment of an Institute of Business and Public Administration with curriculum leading to degrees in public administration.

Speaking of an exchange of ideas leads me to mention the growth of professional societies in the Philippines, a very significant contribution to Philippine public administration. Through societies such as the Philippine Society of Public Administration, the Personnel Officers Association of the Philippines, established as recently as August of this year, and the Government Training Officers Association, public administrators are afforded an opportunity to keep abreast of the most recent technical developments in the field and thus be of greater use to their agencies and the Philippine Government. An exchange of ideas, opinions, and problems in a semi-social atmosphere rather than under the pressure of daily business can be most rewarding to a professional administrator. Another important by-product of these professional societies is the channel they provide for the flow of information to the public. The publicity afforded to these societies and the work which they do, represents good public relations for the Philippine government. It is clear evidence of the growth of professionalism and

higher standards among government officials.

Diverting our attention now to other aspects of public personnel administration, there are many other indications of a gradual evolution in the civil service to enhance the merit aspects of the system. Visible evidence of many of these potential changes is lacking because they are only in the "thinking" or planning stage. Attention is being directed to the elimination of many alternate methods by which civil servants may be appointed and the placing of dependence primarily upon a system of competitive examinations. Personnel officers have been designated at the department and agency level and consideration is being given to the delegation of certain responsibilities to the agencies to permit a closer relationship between the personnel management function and the employee. Consideration is also being given to the possible decentralization of the civil service functions to the provinces and the establishment of regional offices to effect a closer relationship to the public, the local governments, and the decentralized portions of the national government.

We now come to the fourth element of public administration in which this series of training sessions is particularly concerned - administrative or scientific management. Scientific management may be defined as a process by which all aspects of organization, management, and operation are subjected to careful review and analysis in light of certain principles and techniques to determine a better or the best manner in which a given undertaking can be accomplished.

It is through the theory and practice of administrative management, that the other three elements of public administration - organization, finance, and personnel - are correlated and coordinated to achieve a maximum of effectiveness, efficiency, and economy in government.

The search for new methods of administrative improvement began first in the United States in private industry. Historically, the movement began in 1886 by the reading of a paper entitled, "The Engineer as Economist", before the American Society of Mechanical Engineers, by Henry R. Towne. Towne proposed that an engineer should not only be interested in the invention, design, and installation of a machine, but also in organizing machines for the most effective operation of the shop. Very little in a substantive way came of this proposal and it was not until Frederick W. Taylor's work in the early 1900's that this new approach to administrative improvement took hold. Taylor experimented with all the variables connected with a certain operation, machine, or material until he found what he considered the best method of doing the job. He found that the study of one phase of operations led to another and finally to the problems of over-all organization. His ideas were presented in his Principles of Scientific Management, published in 1911. The volume awakened world-wide interest in management circles. It was immediately translated into more than a dozen languages and exerted a strong influence in many countries. Administrative management in the public service is not an art to be practiced by only a chosen few. It is a process which, to be most beneficial and most successful, should be utilized by every public servant,

from high level officials, through top and middle management, to the first line supervisor, and even to the lowest employee. This is why a great deal of emphasis is being placed on supervision and supervisory training. Management officials are coming to the realization that there is no point in trying to simplify operations and procedures if the workers are going to resist and nullify their efforts. Thus, scientific management encourages the workers in the use of the principles and techniques to discover the best and most economical way to produce results. Naturally, the scope, effect, and techniques employed at these different levels will vary to some extent in degree and complexity, but the objective and basic results will be the same - improvement in some aspects of public administration.

We do not in this session have the time to discuss either the principles or techniques of scientific management. That will undoubtedly come later during the course of these seminars. However, I have now mentioned principles and techniques of scientific management three times and, if I may wander a bit from the subject of trends, I'd like to put these terms in the proper perspective for future reference. As you proceed in these seminars, remember that these principles are not foolproof answers to management problems. That when you meet a problem you cannot look down a list of principles and suddenly point to one and say "That is the answer." Scientific management is not that scientific! These principles are hypotheses which constitute normal guides in arriving at administrative decisions, and must be considered in relation to all the facts. May I quote Professor John M. Pfiffner to elaborate on this point:

". . . It is further contended that there exists a body of information possessed, for the most part by students of public administration, and that this body of information leads them to think uniformly on a rather wide variety of common administrative problems. Thus they believe that administrative lines of responsibility should take the form of a hierarchy concentrated in a chief administrative officer at the top, who is at the same time powerful and responsible. They hold that most governmental jurisdictions should have centralized purchasing, accrual appropriation accounting, classification of positions, and a standardized compensation plan. They advocate a well-articulated system of internal checks. They believe in boards, for quasi-judicial, quasi-legislative activities, but prefer single heads for directing administration. They know that an executive is limited in the number of assistants reporting directly to him by the amount of attention he can give them, but they do not know the precise number. They know that the good administrator is the one who gets others to do the work instead of trying to do it all himself, that he is the one who is accomplished at delegating authority and responsibility. While they admit that this is partly a matter of individual aptitude, they also insist that there are standard tools and precepts which facilitate management.

"These things, and many others, are examples of the type of working knowledge possessed by the specialist in public administration. They have been discovered from practical contacts with administration, made

largely by researchers and survey groups over a period of almost half a century. We have no disposition to claim that they are principles. Some have referred to them as assumptions, and there can be no particular objection to that term if not used in a derogatory sense. Reference has been made to them elsewhere as "pattern solutions", without claiming any particular sanctity for that terminology. The administrative specialist usually approaches administrative problems from the standpoint of solutions which his experience has tended to mold into particular forms or patterns. Thus the remedy for poor purchasing is centralized purchasing. If a city is constantly overspending its income, the specialist is certain to propose some form of budgetary control accounting. It is a foregone conclusion that the personnel specialist will recommend the classification of positions and a standardized compensation plan in any jurisdiction where these do not exist. These pattern solutions are always tempered by the peculiar condition found to exist in any particular situation."

Let us now refer to the term, "techniques". In essence, scientific management is based upon research and fact-finding. It involves study, gathering data, conducting surveys, and securing all information available. The data are then organized to reveal their true meaning, to the end that a plan of action is created. The ultimate aim is to define the purposes and objectives to be accomplished, to know all the factors to be considered and the information to be brought to bear on getting the job done, and then to find out the best way to proceed. This process of research, fact gathering, organizing, and analysis is facilitated by a number of techniques or methods which are rather universally utilized in scientific management.

Turning now from the principles and techniques, we will discuss very briefly the significant developments taking place in the administrative management phase of Philippine public administration.

Since the establishment of the commonwealth, several periodic attempts have been made to improve the administrative machinery of government. Efforts to expedite service, to improve and streamline administrative processes, to delineate responsibilities so as to preclude functional and jurisdictional disputes, to establish clear lines of authority - all of these and others have been made with varying degrees of success. In 1939, a Government Survey Board was created to review the organization and functional alignment of the Philippine government for purposes of improvement.

Again in 1948, after independence, and in 1952, Reorganization Commissions were established to review the governmental structure and recommend such changes as they believed were necessary to achieve improvements in the public service. The last concerted effort to improve public administration in the Philippines was the Government Survey and Reorganization Commission established under the provisions of the Reorganization Act of 1954. Other less comprehensive, but scattered and uncoordinated efforts toward administrative improvements have been made under the direction of

strong administrators at the department and bureau level.

It is not my intention to evaluate the results of these efforts - I cite them only as a means of leading to the conclusion that these efforts are not sufficient to insure administrative efficiency. As I have said before, the national government exists in a dynamic situation and amidst ever changing conditions. It must be equipped and ready to meet these conditions as they occur. It cannot be satisfied with the status quo and the conducting of self-evaluation studies every five years in an attempt to bring itself up-to-date. What occurs in the intervening years may well discount all of the progress toward administrative improvement the government has previously made.

The Government Survey and Reorganization Commission has recommended the inauguration and promotion of a "permanent high level program for continuous improvement of methods, techniques, standards, and practices utilized throughout the government." To accomplish this purpose, Reorganization Plan No. 19 envisions a Council of Administrative Management, comprised of several top-level government officials, responsible for advising and assisting the President in the improvement of administrative management techniques throughout the Executive Branch. To carry out the plans and programs of this Council of Administrative Management, a technical staff of management analysts - an organization and methods office - in the Budget Commission, and a management assistant and an organization and methods office in each major government entity have been proposed.

I have mentioned previously that administrative management is a matter of interest to public officials and employees alike. Top public officials, however, such as department, bureau, or agency heads must be free to act upon matters of broad planning and policy and all too frequently must act without adequate consideration of the problems before them. For this reason they require staff assistants such as the Organization and Methods Office in the Budget Commission and the organization and methods offices in the departments and agencies to perform the basic review and analysis work for them.

This concept of continual evaluation of management and operations and the principle of scientific management in the Philippine government is far from a complete reality - it exists only to a very limited extent. The organization and methods office in the Budget Commission was established in July of 1956 and is known as the Management Service. A few departments and bureaus have on their staff one or two management or organization and methods analysts.

The Management Service has, and is in the process of conducting management surveys and applying the principles of scientific management in many bureaus and agencies of the government. Their work is of an advisory nature only and, therefore, its success is dependent upon a sincere interest and participation on the part of both officials and employees in seeking administrative improvements. The Management Service, however, cannot hope to meet the needs for scientific management in all

activities of government.

The responsibility, in the final analysis, for administrative improvements internal to an agency, rests with the agency. Work is now underway to encourage departments and agencies to undertake this responsibility on a planned basis and to assist them in building the resources and the program with which to do it. The direction in which we are going insofar as scientific management is concerned is clear.

There is a definite trend in the field of Philippine public administration toward a well recognized and continuing program of scientific management at all levels of government. How long it will be before it is a complete reality is difficult to say with any assurance - but the movement is underway.

I hope this rather sketchy discussion has given you some understanding of a few of the trends in public administration in the Philippines. I have outlined the situation with optimism. Much time and effort remains to be expended at all levels of government if these trends are to reach a desirable conclusion. There will be many obstacles to overcome but I am extremely hopeful that it will be only a matter of time.

PUBLIC ADMINISTRATION WEEK*

by

Foster Knight
Customs Advisor

I AM VERY HAPPY and encouraged that such a lively interest is being manifested in the field of public administration. It is one that has long been neglected in many countries. In my own country, for example, it has only been in recent years that public administration has been given more than passing recognition. There has been a growing appreciation that government is something in which all of us have a vital stake; that its effective functioning is of importance to every citizen, both in terms of service rendered and financial support required in form of taxes.

There is no question but that everyone suffers under sloppy government administration. Therefore, it is to everyone's interest that high standards of efficiency be established, maintained, and encouraged. But human nature being what it is, that is easier said than done. However, real progress toward such standards can be made with the proper spirit and working tools. Therefore, it has been most gratifying for me to witness the increasing interest here in public administration, an interest that is being nourished and inspired by the Institute of Public Administration of the University of the Philippines with the active support and encouragement of many leading citizens of the country. High tribute is due those persons who dreamed of and worked hard for the creation of such a needed school; also to the loyal teaching staff who have so unstintedly given of themselves in helping to make the institute such a valuable part of the community. They are awakening a latent appreciation amongst the Filipino people of the need for improved government service, which can come about only through better understanding of the principles, objectives, and working tools of public administration, and to my mind, equally important, the importance of individual know-how, responsibility, and follow-through; in short, the human element.

I have been privileged to be associated with the Bureau of Customs since 1951. I have long felt that one of the missing keystones in the establishment of improved service to the public and more effective revenue collections lay in the introduction of an in-service training program that would help to develop an awareness of the importance of proper supervision and follow-through in all divisions, from top to bottom; also to develop improved procedures that would reduce the time consumed in processing documents, be they entries, seizure case proceedings, or routine correspondence.

*Speech delivered at In-service Training Class, Bureau of Customs, November 15, 1956, Manila

These are features of particular concern now with the rapidly approaching effective date of the tariff and tax provisions of the Laurel-Langley Agreement. Come January 1st it will be more than ever important that the processing of papers be accelerated but without jeopardizing adequate protection of the revenue. Individual knowledge and efficiency must be expanded. I have every reason to believe that these objectives will be achieved, as an in-service training program is being initiated in the bureau with the whole-hearted support of the commissioner and other officials of the bureau. However, the measure of success attained will depend in large part on those who attend. It is my fervent hope that every member of the bureau will enter into the spirit in which the training will be given; that of mutual assistance, for what each of you learns and sincerely applies will make the bureau an organization of which you may be proud and the public grateful. Remember that none of us, no matter what age, is too old to acquire new knowledge to widen our horizons. In closing, I urge each and every one of you to support the efforts the bureau is now making to improve the service.

BUDGETING AS A MULTI-PURPOSE TOOL FOR CONTROL*

by

John A. Danisch
Public Administration Advisor

WHEN ONE TALKS about tools, a bit of analysis is desirable, for tools are usually designed to do a specific job. On the other hand, some tools, perhaps more appropriately called "gadgets", are multi-purpose in nature, like the Boy Scout knife, or a bolo, equally good at splitting bamboo and head chopping. Incidentally, budgets are very useful for head chopping. Note that this is a form of control.

It would be difficult to talk about budgeting without a frame of reference. I understand previous speakers already talked about general organization and management: things such as organizing, policy making, authority giving, staffing, coordinating effort, operating, reporting, etc. In the course of these discussions, I feel certain that planning was talked about. Planning is really a big word, sometimes much abused because the principles are not always understood. Incidentally, I'm sure you have, most of you, seen this famous sign by now / PLAN AHEad/. Its usefulness is for the quick method of making a point. This is all very amusing and necessary because, as always, people take themselves and their professions too seriously They just can't help it because it is human nature or, perhaps, another term would be human failing. Everyone is looking for answers to problems. But the good student quickly realizes that an answer is not too desirable because it will usually only raise more problems. So, if you start with a problem it is far better to find means for dealing with it rather than finding pat answers. I could not stress more the necessity for what we in public administration call principles and criteria. Answers and pat answers are for the technician who needs to come up with a specification, or an operating budget, or a report, or a staff - in the next 5 minutes or 24 hours. Here we are concerned with what budgeting really is, for one hour and less.

Budgeting has its proper place in management throughout the time cycle of planning, operating, and evaluation.

The term itself, BUDGET, has its historical derivation from the French, and by adoption, the English, with a MONEY PLAN. This idea can be read about in many texts in bibliographies already available to you. I would just like to say that my brief remarks will be addressed to the relationship of a budget, and the process of budgeting, to planning, programming, and scheduling, and what that has to do with control. I couldn't hope to discuss

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*Speech delivered before the Management Course for Agency Management Analysts, Budget Commission, Management Service, September 11, 1958, Manila

budgeting techniques and details in this short time. You are here to glean what you can on the matter of how to THINK about these problems, not how to come up with beautiful answers.

Planning, Programming, and Scheduling - and about Forecasting

Planning is the process of devising a basis for future action. The activities within an organization should be systematically planned, programmed, and scheduled. However you do it, do it continuously; systematically test and retest your plan.

Programming is merely the setting-up of a plan into meaningful entities, i.e., parts, that relate to specific objectives. These objectives may be stated in various ways: purposes, functions, clientele. A purpose might be to improve health; whose health might be, barrio people. Functions might be water supply, sewerage, malaria control. Or sometimes, they are very specific, such as organizing, staffing, and operating a health unit in a barrio. Lest this be too specific, you may also consider a more difficult problem, i.e., to combine them all into a plan and program for the administration of a national bureau here in Manila. You will find that its programs are a good deal more difficult to state. But it can be done.

Scheduling is, of course, the time element. When do you start; how long does it last? In budgeting itself, the schedule is:

(1) Formulation - getting the plans and programs and dollar requirements set forth for a series of reviews.

(2) Authorization - arguing with the House and Senate Committees for appropriations.

(3) Operating Budgets - the funding plan itself, concerned with quarterly allotments of pesos to carry on the jobs, once funds have been appropriated.

(4) Execution of the budget during the fiscal year.

But, as far as the agency job is concerned, scheduling also includes a specific time period for doing each job with an allocation of necessary men, money, and materials for the job.

Planning and Budgeting are therefore correlative. It is literally impossible to make up a plan without consideration very soon of resources needed to carry it on. I give you the following criteria or characteristics for a good PLAN:

1. Know your objective - and figure out how to use the resources probably available.

2. Simplify and standardize - don't add a lot of sidelines, gimmicks, and gadgets that will distract from its progress.

3. Provide flexibility - so that emergencies can be met without loss of objective.

4. Provide balance - objectives and pesos must go together.

5. Activities to carry out the plan need to be properly divided and classified. This relates to point 4. Another kind of balance.

6. Use available resources and organization before creating new ones.

A Systematic Approach

Now in order to plan, one has to know and evaluate a proposed operation in the full knowledge that the operational base may vary. Therefore, you need to:

1. State the problem.

2. Explore all available data about it.

3. Pose all possible alternate solutions in the light of factors such as time, pesos, priorities, etc.

4. Determine a tentative solution by elimination of items not able to stand the test of economy, timing, lasting value, hazards, support, etc.

5. Then you must test the plan and provide for re-evaluation, reconsideration, new decision.

Budgeting

Well, how does all this relate to budgeting? As I stated in the beginning, a budget is most nearly a translation of a plan into the common denominator of MONEY - PESOS! Since this course is largely devoted to a review of principles, I'd like to state a few criteria in the crucial areas of APPRAISAL and JUSTIFICATION. These two areas provide an acid test to management. If they are not properly done, all of the mechanical and procedural operations during and after budget execution will more than likely give bad results.

Appraisal Criteria

Does the budget represent or is it:

1. A planned program of work?

2. A reliable forecast, well scheduled for use of personnel and the things needed?

3. Internally well balanced - and consistent?

4. Executive policy - the President's aims?

5. Accurate obligation requirements?

6. Financing requirements - in light of past and future limitations given or deduced?

7. Long range as well as fiscal year policies?

8. Reflective of past and current budgets?

9. Stated well in terms of language?

10. Justified in logical, acceptable factors?

11. Reflective of staff and operations participation?

12. The approved plan of the head of agency?

These appraisal criteria are the kind of items an analyst must bear in mind when reviewing a budget. More specifically, however, one should consider just what budget justifications should show. While this discussion so far is in the area of budget formulation, please recall that without good formulation, subsequent evaluation will merely prove that the budgeting was deficient. What should justification show in a well designed budget?

Justification Criteria

1. Some reference to authority.
   In the case of government, statutory authority.
   It usually exists and is often essential as a frame of reference.

2. A statement in brief of objectives being sought. The anticipated results.

3. A brief review of results to date.

4. Descriptive material on activity in process.

5. How is work being done? Methods.

6. Magnitudes - volume of work - extent of activity - minimum and optimum task.

7. Organization being used or planned for the job.

8. A clear statement about STAFF.

9. How the calculations were arrived at
   - very important to blast opposition if figures are unchallengeable.

10. Translation into peso terms. Tables and charts.

11. Relationship to future. A comparison of past, present, and future in terms of workload and problems.

I realize that little if any of this presentation has given you a single solid tool in hand or mechanical device to help you. All I have tried to show is that with the budget, well designed to express the plans, programs, and schedules of an agency, one can have a blueprint to follow and evaluate the actual operations in a meaningful way. You simply have to have a way of thinking about plans and their budgets in an orderly, systematic manner. Out of this whole process will automatically come a large degree of CONTROL.

The Element of Control

One thing I always remember from reading Urwick's many writings is the theme that all activities of an organization must be subject to control. That is because the very idea of organization is division and synthesis, or coordination of the parts. To coordinate, one must control. It seems obvious therefore that if plans have been projected into operating budgets based on the criteria given you, there will automatically be available a means for control. One reason is that these criteria force the organization to: State what it is going to do; why it wishes to do the stated job; how it will be done and with how much; who will do it; where the operations will take place; and when. All of these items are included in a good budget. All are also items of control, for in each case you can set a work accomplishment goal, or a time target, or a quality measure, or a method evaluation, or quantity limit, or a personnel ceiling, etc. These elements are all in good budget, with the added feature that all items can be quickly evaluated through the use of the common denominator, M O N E Y.

INTERNAL AUDITING FROM AN OBLIQUE ANGLE*

by

Lester C. Shephard
Public Administration Advisor

WHILE IT IS admitted that auditing generally has an intimate relationship to management, it strikes me that the development of internal auditing has brought about a more striking and particularized relationship than existed initially. The growing concept of internal auditing is that it is an integral part of management and management responsibility, and an accurate perspective can be gained only upon considering the function as a part of the management concept.

In a discussion of internal auditing by the General Accounting Office of the U.S. Government, management is looked upon as that unit in an organization for determining the objectives of the organization. Management proceeds to achieve these objectives through the methods of organization and the enunciation of policies and procedures. With this physical and policy and procedure framework accomplished, management then acts by means of directives to the organization to secure operations; and from its observation of the results of operations, management takes additional actions of correcting deficiencies in organization, in policies, in procedures, and in directives; and of adjusting operations to conform to prescribed or desired standards. This group of management activities is referred to as management control.

The basis of management action lies in information, gained either by direct observation of management or by observation by others who report to management.

A planned and systematic review and appraisal of operations, policies and procedures, established by management, is one way of gathering information for appropriate management action. Such a planned system may not exist; or if it does, it may be fragmented over a variety of organization units. A consolidated system is referred to as internal auditing.

Thus internal auditing might be referred to as a "control of controls" - a means whereby management checks, indirectly, upon the effectiveness of its several instruments of management control.

It might be a useful device in our thinking to consider this concept of internal auditing as the institutionalization of management's responsibility for inspection, just as personnel offices represent an institutionalization--and a professionalization--of management's responsibility for

*Speech delivered before the Philippine Chapter of the Institute of Internal Auditors, January 24, 1958, Manila

staffing.

There may be good reasons for management to break up this review function and spread it among several agencies. For instance, the personnel office might well be the most logical location for manpower surveys. Such distribution of the function makes good sense so long as there is no ambiguity and uncertainty as to where responsibility lies. We have to know what we are doing.

This internal auditing-management relationship is not peculiar to government. The tone and scope of internal audit in the United States Steel Corporation is expressed in the words of its former President, Benjamin Fairless: "The Audit Division has full and free access to all departments and records and there are no restrictions on their audit activities."

The Chief of Audit for that great corporation has said, in effect, that for internal audit to perform properly, it must exist in an environment which approximates what Mr. Voorhees (retired Finance Committee Chairman of U. S. Steel) described as the management equation. The principles of this equation include organization; manpower or staffing (with adequate distinction between line and staff functions and full cooperation between the two); planning; reposing of confidence in subordinates (or delegation); reliance upon the exception principle; and, by implication, the establishment of objectives, policies, and procedures. In such an equation, auditing provides the checking function. "Audit applies not only to the accounting and finance department but to all other departments, whether operations, engineering, or sales. Auditing provides for an independent interdepartmental service to management, and must be permitted to cross all departmental lines," according to the steel corporation's audit chief.

From the standpoint of the profession, the "Statement of Responsibilities of the Internal Auditors," prepared in 1947 by the Institute of Internal Auditors, stated that internal auditing was concerned primarily with accounting and financial matters, and that it may also properly deal with matters of an operating nature. However, the institute has recently proposed the following revision of this statement to recognize today's thinking and the trend in practice:

"Internal auditing is an independent appraisal activity within an organization for the review of accounting, financial, and other operations as a basis for service to management. It is a managerial control, which functions by measuring and evaluating the effectiveness of other controls."

Historical Development

In the not very distant past, the dominant concept of governmental auditing was preaudit control--looking over the shoulder, in effect, of the performer and double-checking everything done. Emphasis then lay upon the fact that everything on the record was as nearly correct and as nearly legal and as nearly perfect as possible. It neglected greatly the things

that didn't get on the record--say, the revenue never recorded.

In the business and industrial world, emphasis formerly lay upon certification of the financial statements--verification of the different account items.

Since government did not resort to the public accountant, as did the business world, there was a governmental movement toward a somewhat more comprehensive coverage than in business. Furthermore, government accounting and procedure is a matter of law (and underlying regulations), for the most part, and law stipulated also the duties of the government auditor, which went beyond verification of final accounts and looked also to whether or not procedure conformed to law. Was a given purchase made in conformity to law, as well as the proper amount paid? Both questions were in the province of the government auditor.

Now this activity of looking at the books of account and the final results gave quite an advantage to apt minds. They gleaned insights and information far beyond what management or bond-holders and stockholders or bankers gained from statement examination. They began to see the existence of problems, of weaknesses, of loopholes. Somewhere, somehow, in an audit interview, an auditor convinced a client that he knew something about the client's business that nobody else knew. So for quite a while, we saw clients hiring their public accountancy firm's auditors and bringing them into the business. And once in the business, this type of minds saw more and more opportunities. Out of their activities grew the newer concept of internal auditing. I believe the Institute of Internal Auditors is no older than 15 or 16 years.

And what happened in this public accounting business? Some firms started systems work as a supplement to certification work. Others started management consulting sidelines. Others quit public accounting entirely and went into management improvement. And a host of management consultants rose of their own volition. It is my guess that a lot of new professions such as production managers, sales analysts, materials controllers, and the like, got a start or took on some impetus from the same origins that produced our internal auditors.

Over on the government side, things were happening, too. In the U. S., Congress was calling more and more on the U. S. General Accounting Office for a type of work entirely different from the old centralized voucher audit--a type of work for which voucher audit did not even prepare a man. In 1946, a new law called for audit of government corporations along commercial audit principles. The U. S. GAO had to recruit a whole new organization from the outside. In 1948, there was a revival of interest in improving federal governmental accounting, and the U. S. GAO, Treasury and Bureau of the Budget engaged in a joint accounting improvement program. The U. S. GAO set up an Accounting Systems Division to take care of their responsibilities in this joint accounting effort. And in 1949, this Accounting Division--not the huge audit organizations!--

proposed, almost incidentally, that a comprehensive audit, along the lines of the GAO's corporation audit method, be applied to all the government, in order to meet the growing legal responsibilities imposed on the U.S. GAO, which were, among other things, drawing that office more and more away from centralized and into site auditing.

At this point, the U.S. Comptroller General announced that "accounting and internal control procedures of each agency are the basic points for effective control of financial operations." These may sound like undramatic--even dull and boring--words to lots of people; but to me, they are very dramatic. That little phrase lay at the base of a complete turnabout and a totally different emphasis in U.S. GAO audit, in agency responsibility, and in administrative accounting and internal auditing.

To continue, the Comptroller General said: "The U.S. GAO audit will look to an evaluation of the accounting systems and the effectiveness of related internal checks and controls... at the site of operations, as a basis for a fuller and more effective discharge of its responsibilities to the Congress."

And, more yet: "As comprehensive auditing progresses, the U.S. GAO's present centralized auditing practices will be eliminated or modified as the Comptroller General deemed appropriate."

This was Revolution!

In other words, our Comptroller General said, in effect, that by means of accounting methods and organization and procedures, built-in checks and balances, internal controls, and internal audits, within the agencies, the U.S. GAO could do away with its interminable and endless round of external figure-checking in such agencies.

And he said, at another time, that an audit program confined to balance sheet type of examination did not constitute the best use of available manpower.

Still later, in 1955, Comptroller General Campbell--the first such officer who was also a CPA--said: "It is my belief that our operations can be further strengthened by improved coordination in our accounting and auditing relationships with the executive agencies and by more emphasis on the development of accounting and auditing policy and consistent application thereof in our daily work." And, with that, he abolished various organizations concerned separately with auditing and accounting, and created joint-function organizations such as the Accounting and Auditing Policy Staff and the Civil Accounting and Auditing Division.

Some Warnings

Now, I don't want to go off the deep end here. Let's not go around setting up some standard patterns of internal auditing and tell management it can go home or on vacation, that everything is in good hands. This

audit business is a delicate, flexible, and highly variable tool. It needs to be custom-tailored to every situation. It is a difficult task, requiring the hardest kind of toil--thinking--and planning. There are tremendous differences between agencies and their functions, and their types of responsibility. I don't want to talk too much about the importance of operational review and analysis to the internal audit people of a bank. They know that their extremely liquid kind of assets need super-protection. And their first responsibility is the old-fashioned one. We should make haste slowly.

Growth

Apparently, a lot of people and agencies were won to this new concept of internal auditing. As both government and business grew in size, top management became more and more isolated from operations. They stay at the apex of the pyramid, deciding policy matters, and delegating enormous responsibilities down the line--down such a long line they cannot observe effects personally. They felt a lack and a need. In this frame of mind, the internal audit concept made them a good deal more comfortable. The evidence piled in. More and more instances arose in which an auditor's observation resulted in an annual saving of substantial sums; and frequently these savings were cumulative annual savings for years into the future.

Three federal agencies for which I have worked now have internal audit systems...The Bureau of Reclamation, the Atomic Energy Commission, and the T. V. A. The TVA had it years before its advocacy by the U. S. GAO. They all have differences in approach.

I am sure the establishment and growth of the Institute of Internal Auditors and of a chapter in the Philippines is a genuine reflection of an increasing utilization, interest, development, and perfection of this management tool in both the U. S. and the Philippines. Naturally, I am more familiar with governmental efforts, both at home and here, than with private business. However, I have a very interesting paper on internal auditing in U. S. Steel, which I am going to turn over to the Philippine Auditor General's office here and which no doubt some of you have seen or will see. I have already referred to it today, and it is much along the broad lines we have been talking about. I need not point out to you the important place that that corporation plays in American industrial life, and its leadership role. What they are doing, many, many other lesser firms are also doing.

Internal Auditing in the Philippine Government

Certainly I want to mention the efforts going forward in the Philippine government. Here, too, the Auditor General's staff cannot keep up with the evergrowing flow of papers and documents which must be examined under older, pre-audit concepts. In order to meet the growing demands upon the time of his staff, the Auditor General is moving toward a gradual

relinquishment of an audit concept that is dominantly pre-audit, toward a post-audit approach, provided the government agencies develop adequate accounting procedures and an appropriate pre-audit approach. The recent reorganization act, promulgated by President Garcia, will result in the transfer of the present centralized accounting responsibility from the Budget Commission to the operating agencies of government. This responsibility, plus the withdrawal of the Auditor General from pre-audit, will place additional heavy responsibilities upon the agencies. Thus internal audit methods will be highly desirable, if not a necessity, to departmental managements.

To this end, the Auditor General is lending considerable assistance to selected or requesting agencies in establishing such an internal audit program. In the matter of scope, the Auditor General is proceeding conservatively--policy statements reflect the intention of confining initial internal audit to accounting and financial aspects of agency operations, leaving operational reviews until such time as major hurdles have been made over fiscal obstacles.

The proposal appears to be a moderate, well-justified approach to the Philippine problem, and the documentation issued by the Auditor General in the matter contains much good material which I commend to your attention. The internal auditor's "DO" and "DON'T" tabulations are well worth reading. And he has gone to great pains to spell out the problem and the approach to internal auditing to departmental management. Certainly the wisdom of establishing good accounting and internal audit in an agency before going over wholly to the post-audit approach by the Philippine General Auditing Office is clear.

I noticed with considerable interest that in a trial or demonstration project in the Philippine government of the use of the internal audit approach, the organization was described as the Fiscal Inspection Service. For the initial stages of its work, I think this title implies a sound concept of the job.

While I am not personally acquainted with it, I have heard commendable remarks about the internal audit methods of the Rural Banks Administration in the Philippines. One of these remarks was to the effect that audit reports are of such a nature and so clear and comprehensive that from them, management is able to write new directives and changes of policy and procedure directly from the information contained in audit reports. Where that is the case, there has certainly been extremely good communication--one of the high requirements of internal auditing.

Controversies and Uncertainties

I could have opened up on the controversial points of internal auditing and spent the entire time on them, but I do not think it would have been profitable.

Of course, there are and will continue to be arguments from those who insist that the concept of internal auditing consists of the absurdity of

trying to get people of general management capacity to serve as auditors. And there are many who are uncomfortable in getting away from the financial verification simplicities. From where I stand, I can see enough proven instances of sound, experienced auditors, without specialized training in the operational fields in which they audit, who have been able to demonstrate a capacity to make improvements and savings and betterments sufficient to more than justify their existence and continuation. And that is success, in either business or government! There will be jurisdictional wars and arguments aplenty for a long time to come. But to those who are internal auditors and those who have the chance to become such, let us offer congratulations! Because you have a threefold opportunity--to better the institution you work for; to better the profession you work in; and to better yourself. And it is a very good thing that self-betterment exists as part of the opportunity. Human nature has an element of self-interest in it which is indispensable, and when coupled with other and constructive aims, improves the whole situation.

Now, what is this opportunity to which I refer. I will quote a couple of authors on this point. First, the U. S. GAO: "In the course of their examination, internal auditors have excellent opportunities for becoming acquainted with agency problems and people. The investment of talent and time in internal audit thus can also aid in the development of an additional source of management personnel."

I find this a very stimulating thought. Everywhere we hear the cry of lack of training ground for management. What better training ground could you find than the review and analysis of operations of a large business or government agency?

This seems to be one of the unpredicted, unexpected, and profitable aspects of this program. Most of our managers are chosen from the ranks of successful functional operators. We have long thought that a coordinator of specialists, rather than a specialist, presented the best possibilities for management ability.

Now, from the industry side: The Chief Auditor of U. S. Steel says: "Auditing is not considered a career assignment in U. S. Steel. . . . Auditors, at various stages in their tours of duty, are given plenty of opportunity to transfer into other line and staff responsibilities."

So, internal auditors, be on your way!

If I were an internal auditor, there are many things I would like to talk about with you, each of which would take as much time as we have had today. But since I am not (and since there are several men in the ICA who have had a good sound experience in this business and from whom you should hear), I will just mention a few of them briefly:

Make audits consumer-oriented. There is always a job of selling in internal audit. We need to sell our product--our service--not only to top management but to the intermediate levels of management also. Let's treat

our subject so as to appeal to them all--in our approach, in our treatment, in our timeliness of presentation.

Do a good packaging job. Put the gist of our report, or the more important items, on page 1. Make it look nice--use lots of white space, indent it, subhead it, index it, put pictures in it (if pictures will help). Don't list items in order or importance to you, but group like items with like; put a single, executable group of recommendations together in one place.

Schedule and program an audit. Cover all your audit needs in one trip. You can fritter away 250 working days very quickly with a number of special investigations, covering the same territory, but from different approaches. The only way to get it all at once is to plan it as a one-time job, which will suffice for all the several purposes. Make one audit pay a maximum dividend.

Last year's audit report is not a proper guide for this year's. With the broad approach of internal auditing, it will not be practicable to cover the whole ground in one audit each year. So there must be variable approach. Change the guide lines and emphasis frequently. If you have a special or new thought, get it down and incorporate it in the next audit. If you have a staff, write little essays to them as you encounter new approaches or new problems. Accustom them to a different approach each year.

Improve the language of audit reports. This is an unending job for us all. There are many good publications on this subject. The U. S. GAO puts out one that I am going to try to get for the Auditor General's Office here as early as possible. We can all work on this subject everlastingly.

DELEGATION - A MANAGERIAL SKILL*

by

Louis A. Rouse
Public Administration Advisor

ONE OF THE most important skills which is required of the executive is the skill of organization. It involves knowing precisely what his authorities are, where they apply and under what circumstances, and the types of authority he is privileged to exercise. Unless the executive knows these authorities and their limitations, understands their relationships to the total organization, and performs them fully and effectively, his performance will suffer. The executive's understanding must be matched with the understanding of his superiors and subordinates.

A method for testing the organizational skill of the executive is to list the kinds of problems or decisions which fall to him and then determine the extent of his authority and responsibility for such matters. Types of authority may be grouped into three main categories:

a. The authority to make decisions and take action without consulting with or reporting to any other authority.

b. The authority to make decisions and take action, but with responsibility for reporting the action he has taken to a superior.

c. Authority and responsibility for seeing that a decision is made and action taken, but only after consultation with his superior.

Too often we find the executive reluctant to delegate authority. In the 18th Chapter of Exodus in the Old Testament we find that Moses had to be instructed in the art of delegation by no less than his father-in-law. Moses sat from morning to evening, judging the people, thinking that he personally should perform this function. As his father-in-law said, "The thing that thou doest is not good. Thoult wilt surely wear away, both thou and this people that is with thee; for this thing is too heavy for thee. Thou art not able to perform it thyself alone." He went on to outline a program of training, and of delegation of authority to "able men", retaining overall authority but providing others to "bear the burden with ---" him. This authority was defined and limited for each descending level. This is the essence of managerial delegation.

It is incumbent upon every executive to analyze his authorities and responsibilities and to consider the delegation of that portion of his

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executive duties which can be performed by his subordinates. The extent to which these authorities are delegated depends on a number of factors including:

a. The confidence and trust of the executive in the individual to whom he delegates.

b. The extent to which the executive wants to maintain a close scrutiny over every decision and action subordinate officials may take.

c. The extent to which a reporting system will provide the executive with signals which indicate need for his intervention to better meet his objectives.

d. The ability of the executive to apply managerial job performance standards to those to whom he delegates, and to regulate the degree of delegation commensurate with the ability of the delegatee to administer.

A Philippine Cabinet officer who recently went to the United States on an extended official trip, outlined in "letter of instruction" form, the specific areas in which his undersecretary could make decisions and take action. Thus the full authority of his office was not turned over to the undersecretary, acting in his position of Secretary. This is an example of controlled delegation because it specifically defined the scope of authority which the undersecretary was to exercise.

Executive direction and control is the responsibility of top level management. This means that the executive must provide overall guidance and program coordination and control over the substantive as well as the support functions of his organization. This does not mean that he must personally exercise all elements of control by the centralization of decision-making in his office. An orderly system of policy guides and criteria by which subordinate officials may exercise delegated authority, plus an adequate system of reporting, will retain sufficient control in the office of Senior Executive, and yet provide the freedom and flexibility that is necessary to those managers who work in large and complex organizations.

SELLING RECOMMENDATIONS*

by

Charles E. Nicklas, Jr.
Public Administration Advisor (O&M)

OUR SUBJECT today is the "selling of recommendations" resulting from surveys or studies conducted by management analysts.

This is a difficult subject - not in the sense that it is limited and cannot be discussed at great length - but because there is no specific set of actions which, if taken in the proper sequence, will result in acceptance of your recommendations. The intangibles, the unknown, the unanticipated are many simply because in selling our recommendations we are dealing with human beings - their emotions, their motivations, their personalities.

Government officials and employees do not react in the same way to proposals which affect in some way or another their working lives - as much as we wish they would.

Our discussion today then will attempt to provide some general guidelines on the selling of recommendations and certain techniques which have proven useful under a variety of circumstances. We must understand that they do not work in all circumstances nor in any particular combination. To some analysts the proper approach seems to come intuitively. To others, it comes over a period of time and after long experience - perhaps bitter experience.

The selling of management recommendations is not a great deal different than the selling of any other commodity. It requires the existence of three obvious elements -

- a seller
- a buyer
- a commodity

The first and perhaps foremost prerequisite of selling recommendations is a saleable commodity. What is a saleable commodity? We must think of it in terms of a practical recommendation leading to improvement. Even assuming that an analyst can sell a poor commodity - and some can - he would not be fulfilling his responsibility. It is his job to develop the best possible solution to a given problem. If it is not an improvement over the present situation or if it is in anyway impractical he is failing in his job whether he is a good salesman or not.

A management analyst is in much the same position as the salesman of a

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piece of merchandise. If the merchandise sold does not have the qualities represented in it by the salesman, there will be no more sales. The management analyst, however, does have one distinct advantage over the salesman. He is responsible for his own product, subject to certain supervisory or survey team relationships, and can therefore guide his own destiny in this respect. There is generally no excuse for his selling of a poor product.

If there is no excuse for selling a poor product, what is a good one? What factors should be considered in determining whether a recommendation is good or bad? A recommendation may be considered good when, among other things:

1. It has been developed in consideration of all the facts and factors in a given situation.

2. It will result in some benefit to the buyer, either in terms of monetary savings, more efficient operations, greater service to the public, or some other improvement. It has not been made because you felt obliged to make a recommendation.

3. If possible, it has been given a trial on a small scale and found workable or it has been used elsewhere under similar circumstances and proven effective.

4. It has been discussed with one or more individuals considered qualified on the subject and thoroughly explored. It has not been a brilliant stroke of your imagination which you have kept hidden until you could spring it on your unsuspecting customer.

A second prerequisite to the selling of recommendations is a buyer. This may sound facetious. You may say that as management analysts we are usually requested to review and resolve a problem and, therefore, have a ready made buyer. This false assumption can lead you into a haphazard approach to your work and into faulty conclusions and recommendations. Even though you may be asked for assistance, the request may have been prompted by many motives other than the desire for improvement. There may be no intention to accept your recommendations unless they are in accord with these motives. Normally, it would be wise to avoid these requests if the circumstances are known, but in some cases they may be the only inroads to problems which you have long believed in need of study and improvement. In these cases, you proceed confronted by the perplexing problem of having no buyer. So what do you do? - you condition the buyer. One thing to remember about this business - you really have not one buyer - but several. What happens if the agency head accepts your recommendations and puts them into effect? Does this mean that you've succeeded? Not necessarily! Suppose those representatives of middle management and first line supervision - and even the working level - who have to work with your changes do not like your recommendations and have not been "sold" on them. These people have the power to make or break your recommendations.

And so we condition the buyers from the very beginning of the study. We are sympathetic listeners - up to a point. We refrain from any criticism - at least until we know we can get away with it. We talk and we act as though we are there to help - which we are - but which we too often do not appear to be. We solicit and welcome ideas - and attempt as best we can to have the seed of any subsequent recommendations come from our future buyers. At the proper time we may present and discuss our ideas in their tentative stage to lay the groundwork for the future.

All these actions, and many more, we take to prepare those individuals who we hope will ultimately accept and carry out our recommendations.

We now have a saleable commodity and a conditioned, perhaps, but not yet "sold" buyer. How do we get him to accept our recommendations? What makes a successful seller and what techniques does he use? First, he must believe in what he is trying to sell and he must act with confidence and conviction. If I were an agency head and were confronted with an apparently uncertain or insincere management analyst, I believe my mind would be almost completely closed to his suggestions. Secondly, he should exhibit, when it becomes necessary, a thorough knowledge of the problem - or the organization - or whatever the subject of his study was. Both of these attributes will create confidence in what you have to present - and are the most important points to remember in selling your recommendations.

Recommendations are presented to the officials responsible for accepting or rejecting them in one of two ways - written and oral. There is a time and place for each and they may, and most often are, used in combination. I believe you discussed in detail in a previous session, the various types of written reports and the manner in which they should be prepared. I will not attempt to discuss that subject any further today.

However, whether or not a written report is prepared, it is improbable that a study could be completed without some oral discussion of the recommendations. At some time or other the management analyst will have to explain and justify his recommendations in order to obtain acceptance and approval. A number of points should be considered in connection with these discussions, many of which will also be found to apply with some slight alterations in the case of written reports.

1. Timing. Recommendations are usually easier to sell in order of complexity, amount of change and difficulty of implementation ..... It is also sometimes advisable to wait before making recommendations until the time is right and more conducive to acceptance ..... It may be possible and advantageous to sell recommendations during the course of a study rather than to wait until they become too much to swallow at one time.

2. Staff Participation. Make the most of the help, assistance, cooperation and ideas you obtained from the organization during the study..... Give them credit for the recommendations if at all possible..... If you have obtained general acceptance at the lower levels, and it will not incriminate

those individuals - indicate their acceptance. It may help top management decide to go along with the majority.

3. Justification. Emphasize the results and the improvements that acceptance of your recommendations will lead to..... Explain patiently and in detail the facts that led to and support your recommendation..... Do not twist the facts..... you may be talking to an official who knows the facts as well as you ..... Use visual graphic aids which will highlight either the facts or the results ..... Don't oversell ... don't say too much. Show how your proposed plan either worked before or is working now in similar circumstances or was proven in a "trial run"..... Much is said about resistance to change and your fear of this can make you overly cautious. Resistance will weaken in face of adequate and patient explanation of a practical recommendation. It will further weaken if it can be shown that the recommended action is simply an extension upon that which is already being done.

4. Compromise. Do not demand or expect your recommendations to be accepted "lock, stock and barrel"..... Be ready to compromise on the smaller issues in order to protect the larger ones ..... Do not hesitate to admit oversights on your part which might prompt reconsideration..... Be prepared to offer possible alternatives to your basic recommendation..... occasionally the alternatives may lead back to the original..... If necessary, withdraw your recommendation and hold it for a more suitable occasion.. .... Do not press your point - the more stubborn you become the more stubborn the other fellow is apt to become.

5. Approach. Your attitude, the appearance you give, the way you express yourself - all of the characteristics you exhibit during your audience with the "buyers-to-be" of your recommendations, must be carefully controlled and instinctively adjusted to meet the situation. In selling your recommendations:

a. Be honest and forthright.

b. Be tactful - do not be brutal in your criticism - recognize possible reasons for shortcomings.

c. Be humble and not over-bearing.

d. Be patient.

e. Be agreeable and congenial, but not condescending.

f. Be commendatory whenever possible - do not highlight only the faults.

g. Dress neatly, conservatively and business-like so that you give the best possible appearance.

h. Above all, show interest, conviction, sincerity and a complete grasp of your subject.

HOW TO ANALYZE AN ORGANIZATION TO SPOT WEAKNESSES IN ITS STRUCTURE*

by

Louis A. Rouse
Public Administration Advisor

MANAGEMENT analysis would indeed be a precise science if it were possible to measure an organization structure by the simple application of a gage, a blueprint or some other scientific calibration device. Visualize, if you will, the graphic outline of what an ideal organization structure should look like. We see, in neat symmetrical form, a scaler arrangement of squares, suspended from horizontal lines which, in its gross aspects, is not unlike the appearance of a "mobile" - that modern form of art which is manifested by a similar hanging of various forms from a single suspension.

Our graphic picture shows the administrator, his external advisory groups, his functional staffs and his line divisions with constituent branches, units, groups and sub-groups. This picture reflects, at first glance, what we would assume the structure to be. In this respect, it is even less pictorial than the "mobile", for the latter, at least, shows motion and activity as each segment rotates from the fluctuation of air movement.

We must not apply abstract and static calibrations to organization. We must recognize the operational and dynamic aspects of organization. We must recognize it for what it is - a living, moving, fluid force made up of people whose actions and efforts may or may not be fully geared to the objectives as of the organization in terms of individual motivations and personal goals and maximum utilization of capabilities. The full potential of an organization cannot be realized unless all of the policies and operating procedures reflect an integration of individual capacities properly balanced in terms of objectives.

The point to be realized here, is that a graphic structure is not in itself an organization. It must be viewed in light of the individuals of which it is comprised, where they are located in terms of work assignment, authority and responsibility, what their tenure and conditions of employment are, the manner in which they are reimbursed for their efforts, their relationships to each other, and many other factors.

Approaching the subject - "How to Analyze an Organization to Spot Weaknesses in its Structure"- one is compelled by sound judgment to give

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ample consideration to the basic principles or rules of organization which are commonly accepted in management practice:

1. Line and Staff relationships.

2. Span of control.

3. Grouping of homogeneous functions.

4. Avoiding duplication and overlapping of functions.

5. Division of work.

6. Delegation of authority and responsibility.

7. Unity of command, chain of command, communications channels.

8. Uniformity of methods and procedures.

9. Other accepted principles.

If the management analyst attempts to blindly apply these principles as simple "rules of thumb" without qualification or modification, he is destined for confusion and dilemma brought about by the practical limitations of these principles.

1. Staff and line functions and relationships are often not easily delineated. Staff work may be repeated at various levels of supervision.

2. Span of control limitations vary with the situation.

3. Grouping of non-homogeneous functions may at times be necessary, though it may be justified by applying a flexible definition of the word.

4. Functions may be "duplicated" by desirable decentralization.

5. Division of work becomes complex when limits of technology and custom prevail, where individual tasks require less than the full time of one man.

6. The executive may be given responsibility without sufficient authority to carry it out, or he may be given full authority and responsibility to act, but subject to policies and practices prescribed by his superiors.

7. Unity of command is not what it appears on the surface when we recognize the direct influence a functional staff exerts on subordinate line levels of command.

8. Uniformity of methods and procedures may become impractical when such factors as volume of work, nature of problems, local customs or conditions such as climate and economic factors are considered.

9. And so forth .....

These comments are not meant to devaluate the principles involved, but to focus attention on the necessity for caution in their interpretation and application. The organization can best be analyzed to spot its weaknesses or strengths while it is in motion, pulsating, living, exerting effort and approaching its objectives or producing its products.

Too often, I fear, the analyst approaches organization analysis with the preconceived idea that some change is necessary. The result of such an approach can hardly be called objective. What is the specific objective of the organization study and analysis:

1. To determine the desirability of the structure?

2. To strengthen the management control of the central authority?

3. To arrive at a planned objective of maximum decentralization?

4. To evaluate the deployment of personnel resources?

5. To determine if weakness exists in the structure and composition of the organization, and the effect of such weakness on effort and objectives?

In other words, we must have some more specific objective in mind when we launch a management study of an organization. Passing quickly over the application of basic principles, may I suggest that throughout the analysis, selection of alternates, and comparative analysis of alternates, with each other, and with the existing situation is a technique which should not be overlooked.

Without selection of any of the specific objectives mentioned earlier, let us consider one approach:

1. First, familiarize yourself with the broad aspects of the operations and organization to be analyzed.

2. Review any previous studies made of the organization and other data on its origin, reason for creation and history of its development.

3. Determine management's views on the number of people it thinks it needs.

4. Compare the skills and experience (in broad terms) of present staff with the general functions of the organization.

5. Determine changes which have been made in the past with regard to authorities, functions, forms of organization and similar factors.

6. Determine the ratio of clerical and support personnel to substantive personnel, both in gross aspects with regard to the organization, as

well as distribution by organizational element.

7. Consider manpower requirements after weighing such factors as:

a. What cyclic fluctuations in manpower needs are brought on by seasonal needs? How are such needs met - temporary, part-time, contractual personal services, etc.?

b. A review of overtime incidence, cost, and cause.

c. A review of sick leave incidence and other absences.

d. How many officials are in an "Acting" capacity, and does the status effect performance?

e. How many vacancies exist, what kind, where in the organization, and for how long?

8. Compare workload trends, analyze backlogs, and time logs in production, processing, or actions.

9. Obtain opinions of management including lowest level of supervision an effect organization has on their conduct of business or performance of duty.

10. Seek to determine the response of personnel to present leadership.

11. What communications problems are indicated?

12. Are salary, status and grade factors affecting performance?

13. What is the use of delegation and what problems manifest themselves because of lack of or excess of delegations:

a. Authority to make decisions and act.,

b. Authority to make decisions and act, but requiring reporting to some other authority on action taken.

c. Authority to act after approval is obtained from others.

d. What non-delegable authorities and responsibilities exist?

14. Is lack of availability of funds affecting the organization?

Little has been said on the method of charting the organization which we have analyzed, or comparing it with the structure of the proposed alternates which we may develop after considering the factors and data indicated previously. Nor are these factors complete, for many others may warrant consideration. But after collecting these data, evaluating and comparing,

analyzing and synthesizing we are in a position to begin meaningful construction of the graphic chart.

Let us consider the previously stated method of analysis by comparison of alternates, by examining four patterns of organization which were considered in the reorganization of the U. S. General Services administration after about seven years of operation.

Alternate No. I -- This was the pattern during most of GSA's existence. Under this pattern central office staff chiefs (Comptroller, General Counsel, Director of Management, etc.) were principal advisors to the Administrator on over-all policy and exercised strong authority over GSA programs. Regional Directors served as counterparts of its administrator and had a wide latitude in the operation of all programs in the field. This produced wide variations among regions, caused problems in customer relations and deprived central office Commissioners of nation-wide program authority. Eleven separate organizational segments resulted. Experience proved this pattern to be dubbed the "Weak Commissioner" approach with its strong staffs and regional administrators.

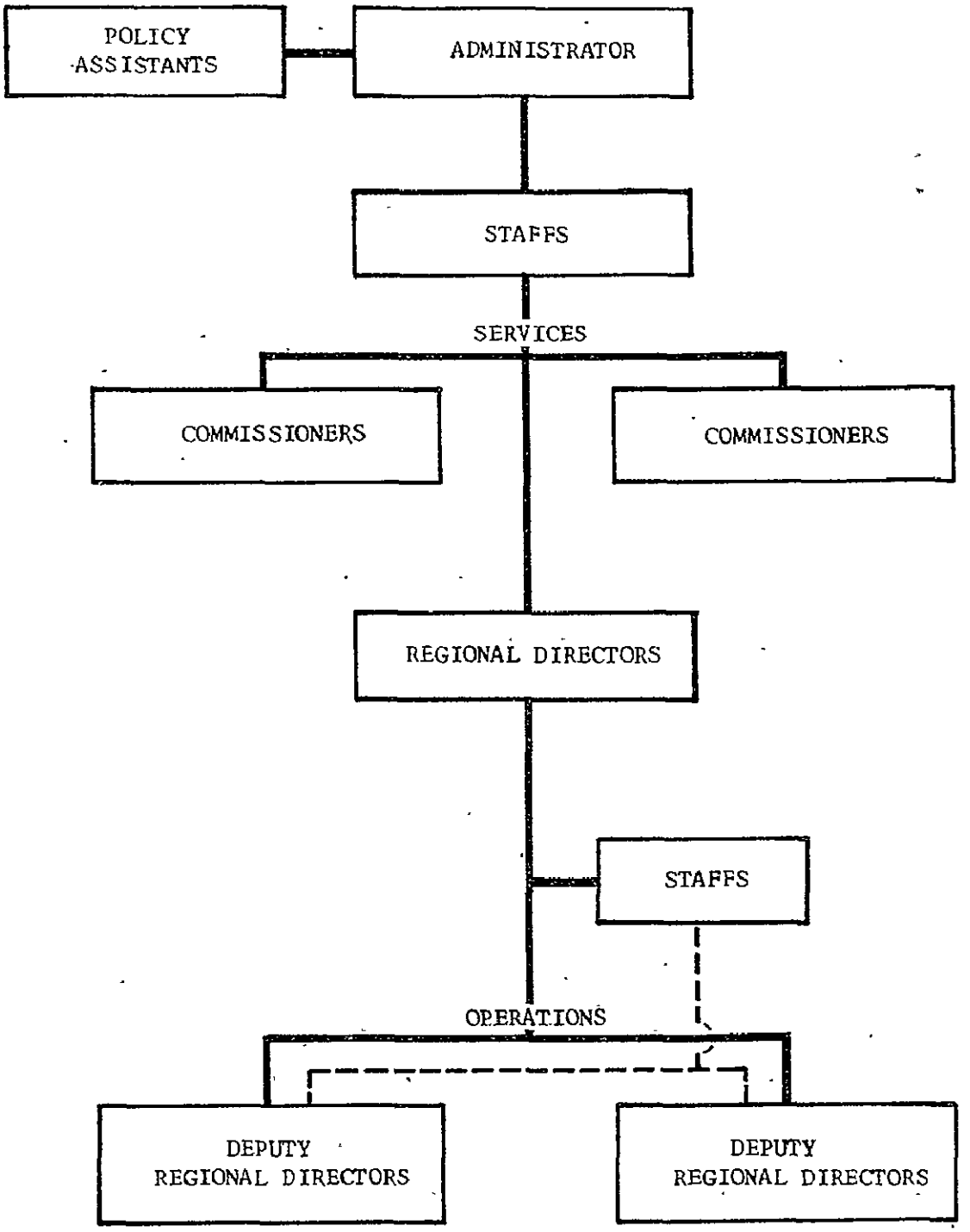
Alternate No. II -- Under this pattern the Commissioners would be principal advisors to, and agents of, the Administrator, and have national authority for program planning and standards, budgetary planning and control, key personnel appointments and program results. Central staff offices would assist the Administrator and the Commissioners. Regional Commissioners would have such authority as delegated to them by central office Commissioners on program matters, and by the Administrator in respect to external relations and GSA-wide matters. Heads of field services would be Regional Directors of their programs, subject to direction from Regional Commissioners but have direct technical contact with their counterparts in the central office. This pattern can be called the "Commissioner-Regional Commissioner" approach as a partnership.

Alternate No. III -- This pattern is the same as alternate No. II at the central office but eliminates the Regional Commissioner, giving each central office Commissioner a direct and unbroken line to his 10 Regional Directors. Central service staffs would exist at the central office and in each region to provide administrative support. This approach could be called the "strong line-central staff" pattern with its central economical support staffs.

Alternate No. IV -- This pattern would eliminate the Regional Commissioner and central common staffs, making each Service fully self-contained, both at central office and in the field. This approach would permit each service to organize its own staffs, leaving the Administrator of GSA in a coordinating role over five bureaus. This pattern could well be called the "Independent Bureau" approach in that each service would have its own independent staffs.

Of the four alternates considered, which would appear to be the most appropriate? In the final analysis, both Alternates II and III were considered workable, but it was concluded that the most satisfactory long-range results could be achieved if Alternate No. II were implemented.

ALTERNATE I


POLICY
ASSISTANTS
ADMINISTRATOR
STAFFS
SERVICES
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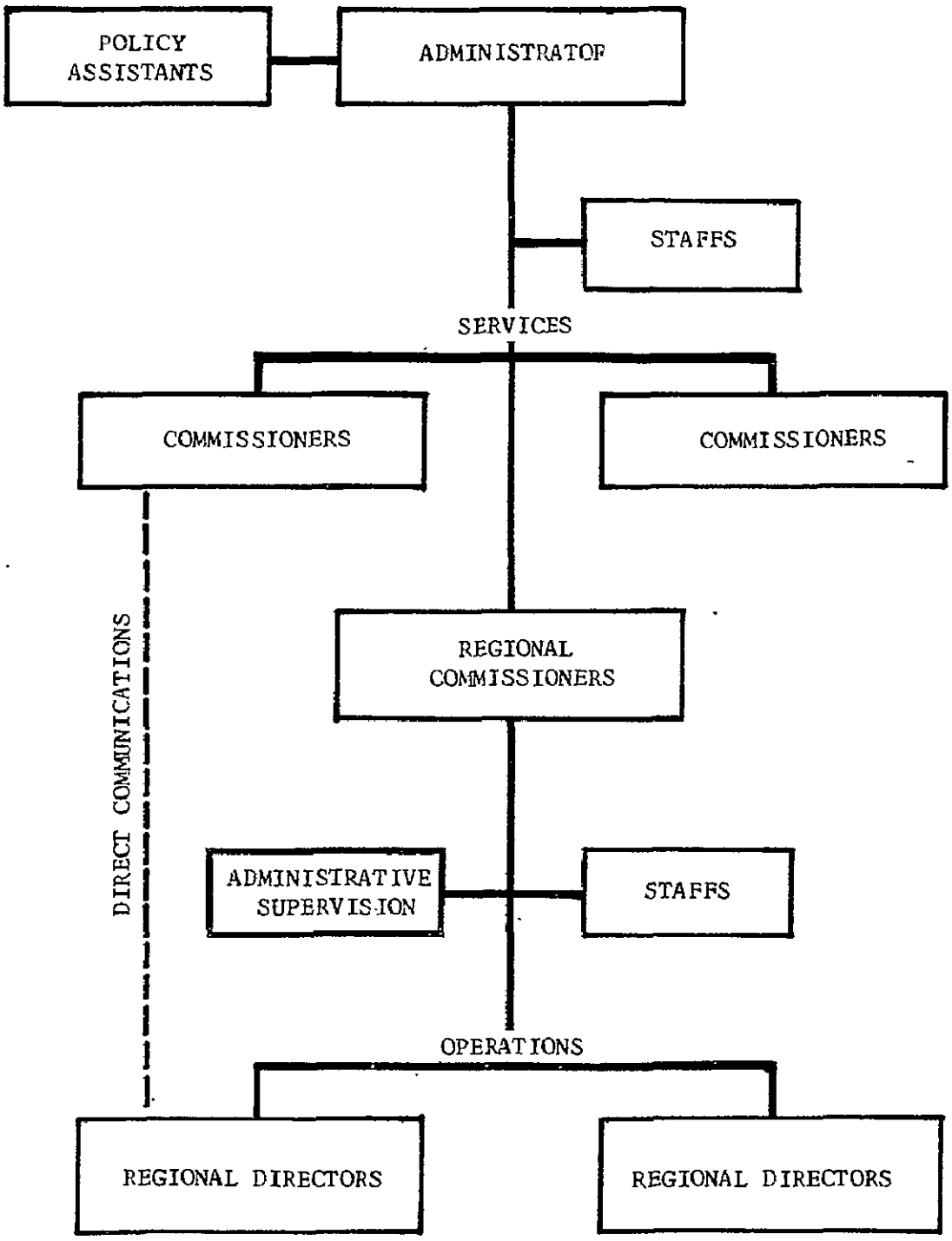
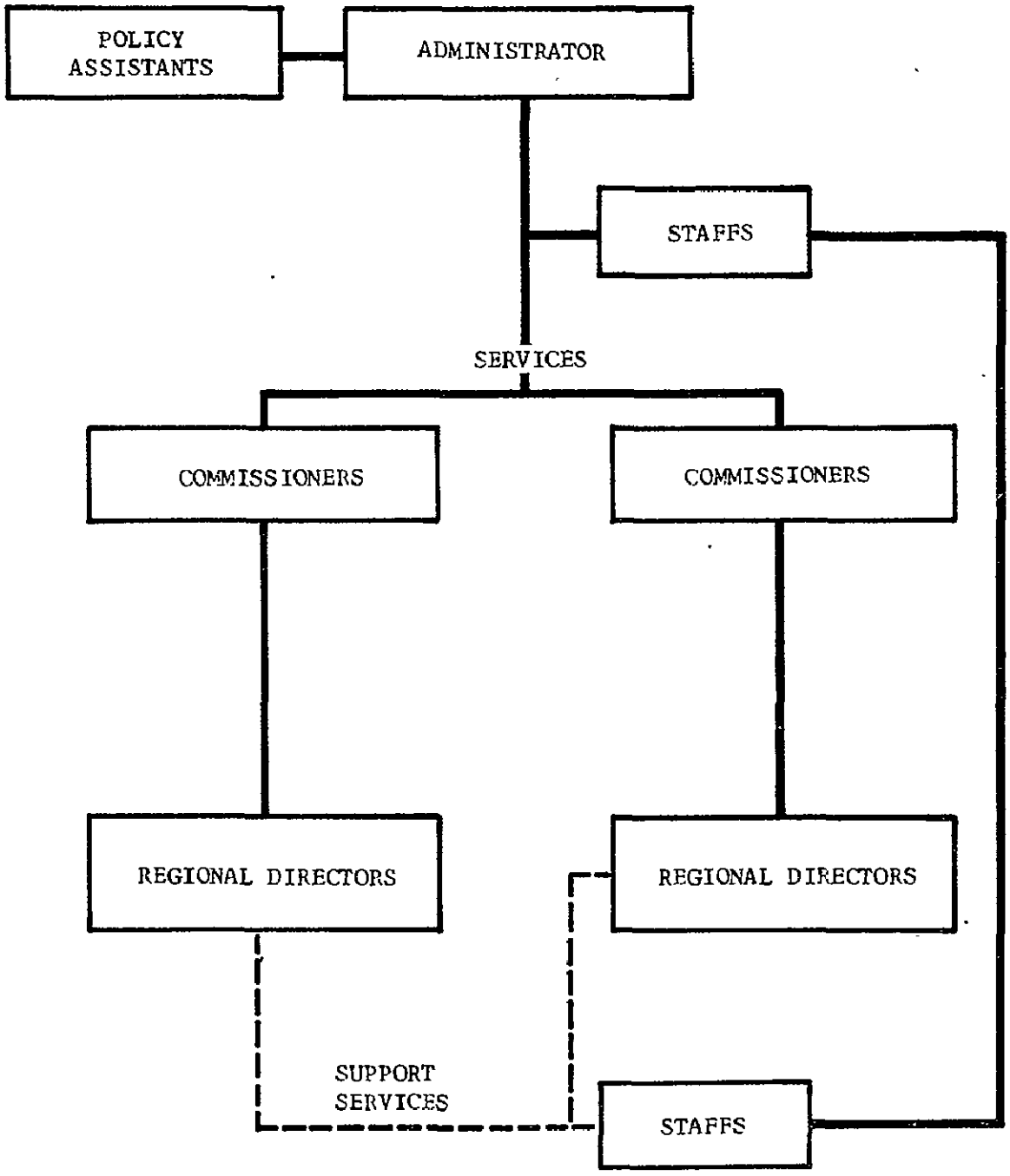
REGIONAL DIRECTORS
DEPUTY
REGIONAL DIRECTORS

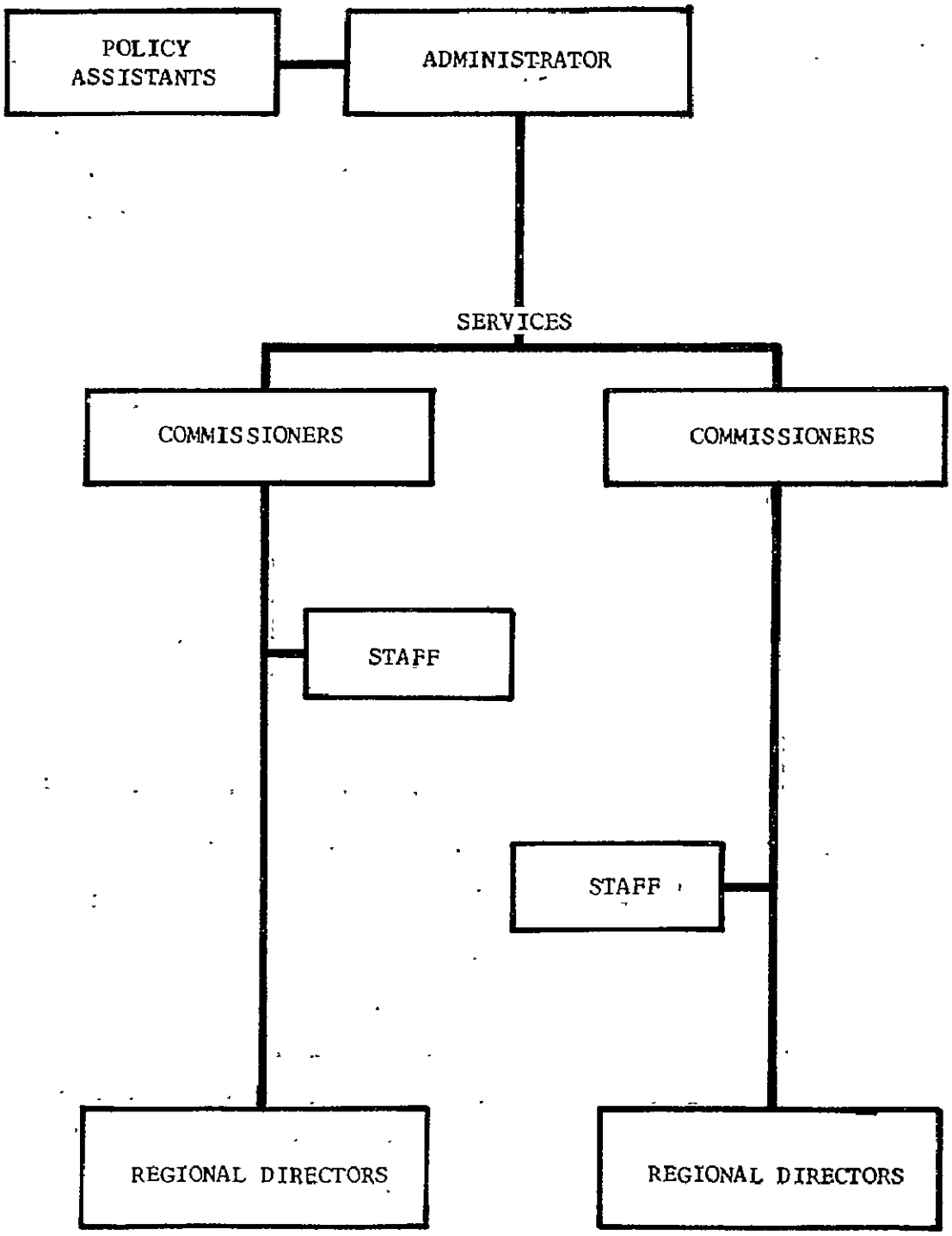
ALTERNATE II



ALTERNATE III



ALTERNATE IV



NATURE AND SCOPE OF ORGANIZATION AND METHODS WORK*

by

Charles E. Nicklas, Jr.
Public Administration Advisor (O&M)

ORGANIZATION and methods work can be described as the collecting of facts in a given management or operational situation; the reviewing, analyzing and evaluating of those facts and arriving at a conclusion as to what should be done in that situation; selling this conclusion to the authorities in a position to do what should be done; and assisting them in doing it. Organization and methods work can be performed at all levels of an organization and by all employees in varying degrees and by different means. Agency heads, middle management officials, supervisors and employees are actually at times performing organization and methods work.

I have chosen, however, to discuss the subject primarily from the point of view of a single staff organization established for the purpose of assisting the head of the organization in achieving the maximum of efficiency, effectiveness and economy in management and operations within his agency. In essence you need only to refer to the responsibilities of the head of the organization, or the manager, to determine the limits of organization and methods work. His responsibilities include, as I'm sure you know, planning, organizing, directing, coordinating, controlling, reviewing, and many others. Fulfillment of these responsibilities requires such elements as a series of well defined objectives, sound programs by which these objectives are met, a competent organization structure and clearly drawn lines of authority and relationships among its component parts, a competent complement of personnel, effective and efficient methods and procedures to carry out the programs, essential data by which performance and progress toward objectives can be evaluated and the means for providing this data, an effective system of communications upward and downward through which the organization can be directed, and many, many others.

Organization and methods work is concerned with all of these and can be said to encompass the total management job. I can see immediate objections to this from some quarters who see this concept as overlooking those other staff functions of which we hear so much about - personnel, budgeting, planning - which more often than not are organizationally separated from organization and methods. By no means should we overlook them nor the importance of the work they do.

But since we are discussing the scope of O & M work, neither should we overlook the fact that in many instances the O & M staff may be called upon for an objective review of organization and procedures relating to the

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personnel and budget and planning functions, and in many cases, their programs as well. Thus these specialized staff activities cannot be arbitrarily ruled entirely outside the bounds of organization and methods work. To this point, I have defined the scope of O & M work in a "functional" sense - it is concerned with those elements which constitutes management's responsibility.

A word now about the scope of O & M work in another sense. We might term this its "geographical" or "jurisdictional" scope. Depending upon who or which office is performing the O & M work, its scope is normally limited to the area of jurisdiction of the individual for whom it is being performed. For example, a supervisor normally cannot and would not perform O & M outside his area of supervision - his Section or Branch. An O & M office supporting a Bureau Director would not perform O & M work outside the Bureau, unless the Department head directed that it do so in another of his Bureaus. An O & M office supporting the Department head would not go into another Department or any of its components unless specially requested by that Department head to do so.

One very specific limitation must be recognized in O & M work before we leave this subject - the scope of O & M work. In the context of our discussion, it does not deal with the substantive or technical aspects of an enterprise. For example, O & M work would not concern itself with methods of planting rice, treatment or operation methods in a hospital, methods of breeding and the like. It would, however, through application of certain techniques be concerned with the number of agriculturists, surgeons, doctors and animal husbandrymen and the administrative and management problems surrounding their work.

Now to the nature of O & M work. The nature or types of O & M work can be categorized into two general groups. First, a 'catch-all' of the various kinds of problems or situations which it may be called upon to resolve or meet. They may range from very simple questions concerning a single form or a single step in a procedure to very complex problems relating to government-wide organization or procedures. The second category into which we can broadly group O & M work is that of what I call 'program' activities.

Before we get into these 'program' activities, let us discuss for a few moments the first type of O & M work - that which concerns specific management and operational problems - this so-called 'catch-all'. For example:

1. In spite of an increase of ten employees, the backlog in Division A has increased 20%. Can something be done to resolve this problem?

2. Department B does its work through fifteen field offices. Is this the required number and are they located in the proper areas?

3. Bureau C has ten different daily tours of duty for its employees. Can this be simplified?

4. Fourteen different sizes of stationery are used in the various departments. Can this number be reduced and can some economy be achieved thereby?

5. Department D has 2,421 forms both numbered and unnumbered on record. Are all these forms in active use and can any reduction and standardization be achieved?

6. A minimum of six months is usually required to process an appointment. Are all the steps in this procedure necessary and can the processing time be made more reasonable?

And so you see that we could go on indefinitely with examples of the 'problem' type of O & M work. The point to remember is that all of these examples are representative of the problems faced by management, at all levels, in carrying out its responsibilities.

I have referred to a second type of O & M work - 'program' activities. In this group fall a number of fairly well defined and segmented activities which are normally carried on by organization and methods staffs. Depending upon the size of the O & M staff, all of these activities may be included in its operational program. On the other hand, only selected ones may be included based upon their relative contribution to the agency. In this group we may include the following:

1. A continuing program of periodic management surveys or studies - directed to organizations, functions or procedures or some combination of these.

2. A management research program directed to the development and dissemination of management guides and standards.

3. The development and administration of a performance analysis or work measurement system.

4. The development and administration of control programs such as reports and forms control.

5. The development and administration of an incentive awards program.

6. The development and conduct of management and supervisory training, including work simplification.

7. The development and administration of an administrative issuances system.

8. The development and administration of a records management program.

Much more can be said concerning the nature and scope of O & M work. We could discuss at some length its predominantly advisory rather than command role. We could attempt to classify O & M work in two or three more ways if

we had the time. Any further elaboration would lead to only one conclusion - that O & M work knows almost no bounds within the context of management and administrative operations. An O & M man, or a management analyst as we call him, may find himself involved in anything and everything. This being the case, his potential contribution to efficiency, economy and effectiveness in the public service is tremendous and his responsibilities great.

EXECUTIVE LEADERSHIP*

by

Louis A. Rouse
Public Administration Advisor

MY EFFORTS today will be directed at pointing up some of the criteria of executive leadership which eminent scholars and practitioners in the field of public administration have set forth. The criteria selected have been manifested in many executives whom I have had the opportunity to observe or work with in some twenty-two years of U. S. Government experience most of which was at the upper level and included the Executive Office of the President, the Office of the Secretary of Defense, and the War Production Board. These contacts included Cabinet officials and other appointed officers, generals and admirals, as well as the career civil servants in the highest classification grades of the service.

Let us dwell for a few moments on characteristics of the successful executive. A few years ago, Fortune Magazine made a survey of a cross section of high level executives in the United States. This survey indicated certain characteristics as fairly common:

1. They had a happy early home life.
2. They were attached to their family.
3. Their education was usually above average.
4. They took advantage of educational opportunities.
5. They were usually leaders and participants in social activities throughout life.
6. They were endowed with good health.
7. They were interested in people.
8. They possessed superior mental and analytical ability.
9. They were interested in religion as a force toward high morale and ethical standards.
10. They were serious and conscientious.
11. They were forceful and intense.
12. They had a capacity to be objective.
13. They were ambitious and yet able to recognize the relationship of their work with their ambitions.

Textbooks quite often stress, as desirable characteristics of the executive, the ability to communicate, a facility in methodology, cultural interests, affinity for moral values and good judgment. An analysis of the results of the Fortune survey would indicate that these five desirable characteristics have a basis in fact.

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*Speech delivered to the Presidential Committee on Administration Performance and Efficiency, September 30, 1958, Malacañang, Manila

Having described the executive, what then is his job and how does he go about performing it? As for his job, it can well be said that the executive plays a key role in the management function - the job of guiding human and physical resources into dynamic organizational units, which reach their objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the service.

As for the manner in which he goes about performing his job, we cannot avoid consideration of the human factor. Organizations consist of people banded together to achieve goals that they cannot attain as separate individuals, and yet each of the individuals of an organization has his own personal objectives. Thus, for an organization to function effectively and to satisfy its members, its overall objectives must include a synthesis of the goals of individual members. Such considerations lead to motivation needed for successful accomplishments of prime missions.

The executive as a leader must be capable of persuasion. He is helpless unless he can persuade his subordinates, by one way or another, to effectively carry out the necessary steps to accomplish objectives:

1. He can plan what they are to do.
2. He can group them appropriately.
3. He can staff the managerial positions.
4. He can provide supervision and guidance.
5. He can measure results, and apply many other management mechanisms and methods.

But nothing will be accomplished unless his subordinates work as a team to perform the separate and necessary activities of the organization. The executive, if he is to be a successful leader, must motivate his subordinates if he is to acquire willing cooperation, and he must inspire that confidence that will convince them, by results, that through such cooperation their individual needs and personal objectives are a part of the ultimate accomplishment.

Effective executive leadership shapes individuals into teams, makes possible maximum individual satisfaction, creates initiative and guides the total group to meet objectives within the available resources and time.

Executive leadership involves planning, guidance, direction, encouragement, and the application of restraints and controls to meet required objectives. In a democratic organization or government, the success of leadership depends on the use of systems of encouragement and restraint, rather than the mere reliance on the personal stature and influence of the executive as an individual, be it the head of a government, a cabinet officer, bureau director, or division chief.

The executive is responsible for the establishment of the required systems, for the periodic appraisal of their effectiveness, and for the prompt corrections or modifications needed to meet changing conditions. Let us consider some of the basic systems needed:

1. Planning. The first requirement calls for systematic planning in terms of the establishment of definite goals, the target dates against which phases of progress and accomplishment are measured, and the process required to insure orderly accomplishment. The planning process must provide for sufficient flexibility to incorporate new or modified objectives in stride, for the integration of one objective or project with another, and for a shifting of priorities to meet changing circumstances or situations. When we view these factors with the necessity to constantly keep in mind the inter-relationships of organization objectives with individual objectives, motivations and desires, the complexity of the planning function is brought into sharp focus.

2. Budgeting. The second requirement calls for a central system of executive coordination and leadership in the formulation and execution of the budget. Admittedly, planning cannot be fully accomplished until the limitations of resources are determined. Thus budgeting is an inherent part of the planning and programming process. In the final analysis, the executive must be responsible for the preparation, review, and execution of their budgets. This responsibility has received increased emphasis in the last few years through the systematic attention being given to performance budgets, with the attendant requirement for more precise identification of work units, the establishment of standards of individual performance, and more complete justifications for estimated costs. This ultimately leads to providing the executive with a more sound basis for comparing plans with actual accomplishment.

3. Performance Reporting. The third requirement is the need for a system of performance reporting. The normal performance reporting common to fiscal and budgetary reporting, or accounting, is not in itself sufficient for the executive if he is to keep fully cognizant of the status of his plans programs. No matter what degree of perfection the planning process has reached, the executive cannot predict accurately the results of the forces of nature and of man. There are innumerable adjustments which must be made in plans and in budgets and the information on which judgments are based requires more than a financial statement. Today, the Presidential Committee on Administration Performance and Efficiency has, I am sure, interested itself in developing a reporting system that will produce timely and pertinent "data on the status, situation, progress and/or problems of governmental activity in general, and of administration projects in particular, as will make possible the evaluation of the performance efficiency of the governmental entities responsible therefor." This very language is taken from your charter - Executive Order No. 306 creating PCAPE - and points up, most effectively, the need for developing a reporting system which will fulfill the requirements for executive decision and action.

4. Personnel Management. The fourth requirement, in number only, for in sequence of importance, it should perhaps be first - is the system by which personnel management is administered. To attract capable people with the highest potential to the organization, to maintain employment conditions which are conducive to high morale and greatest performance, and to retain them constitutes the basic essentials of any sound system of personnel management. The personnel management system quite often reflects the quality of leadership which the executive possesses. It should meet, in some measure, the desires of the individual in terms of economic security, ego support and attention as an individual.

It should provide in him the feeling that he is part of something larger and more important than himself. The system should, in effect, inspire the individual to his greatest efforts, with an esprit-de-corps that comes from sheer pride in belonging to an organization and pride in its leadership.

In this extensive dissertation on executive leadership let us not conclude that we are talking of individuals personally managing the total affairs of an organization. It is admitted that executive direction and control is the responsibility of top level management. This means that the executive must provide overall guidance and program coordination and control over the substantive as well as the support functions of his organization. This does not mean that he must personally exercise all elements of control by the centralization of decision-making in his office. An orderly system of policy guides and criteria by which subordinate officials may exercise delegated authority, plus an adequate system of reporting, will retain sufficient control in the office of the senior executive, and yet provide the freedom and flexibility that is necessary to those managers who work in large and complex organizations.

We cannot overemphasize the subject of delegation if we are to consider effective executive leadership. I would like to quote a Filipino participant of relatively high stature in terms of organizational location who recently returned from training in the United States under an NEC-ICA grant. On the subject of delegation he said in his report:

"A public administration principle which is commonly violated in the Philippines is that 'Authority should be commensurate with responsibility! It is not unusual that an official is granted insufficient authority to perform tasks for which he is held responsible. Instances where the executives are unwilling to delegate any authority to subordinates and usually by-pass their principal subordinates by making detailed decisions within the subordinates' field of responsibility are not uncommon. The executive who encourages or permits low-ranking employees to come directly to him with every question, suggestion, or grievance creates an intolerable situation for his division chiefs. The division chiefs are held responsible for the management of their units, but they do not have the authority to direct or discipline their subordinates."

As to the extent of this practice in the Philippine Government, I am not an authority.

To the organization analyst, lack of sufficient delegation is revealed quite frequently. Too often this condition stems, not from the executives' opposition to delegation, but a lack of knowledge of the manner in which it is done. There are those, of course, who feel that delegation is abdication. Such individuals are ignoring one of the most important skills required of the executive.

The executive must first know the full extent of his authorities and responsibilities in terms of problems, decisions, and policy determinations, and then determine the delegations which may be assumed by his subordinates. He

can delegate these authorities and responsibilities to varying degrees. The extent to which he delegates depends on a number of factors including:

1. The confidence and trust of the executive in the individual to whom he delegates.
2. The extent to which he wants to maintain a close scrutiny over every decision and action subordinate officials may take.
3. The extent to which a reporting system will provide him with signals which indicate need for his intervention to better meet his objectives.
4. The ability of the executive to apply managerial job performance standards to those to whom he delegates, and to regulate the degree of delegation commensurate with the ability of the delegate to administer.

The manner in which the subject of executive leadership has been treated here today does not permit a precise summary. I hope I have avoided a statement of principles which are inflexible. It can be said, however, that the executive in a high level management position has considerable latitude in handling the many problems with which he is confronted. He cannot avoid the fact, however, that a man with a fine character, but possessing less knowledge of management principles and techniques, may be infinitely more successful than a man with the reverse combination of qualities. People admire and trust a man whose character is right and they are glad to follow him and put forth creative effort beyond the normal call of duty.

The executive, if he is to be a successful leader, will develop and inculcate in his subordinates a creed of public service which places the public welfare above personal, group or professional interests. The goal is high - but we can settle for no less.

TERMINAL REPORT

of

Charles E. Nicklas, Jr.
Public Administration Advisor (O&M)
November 1, 1958

I. INTRODUCTION

This is a report on one particular segment of the joint NEC-ICA project entitled "Public Administration Improvement" (92-79-079). This segment, hereinafter referred to as 'project', has been referred to on various occasions in official records as "Management Procedures" and "Organization and Methods Improvement." It represents the combined effort of the Philippine Government and the USOM/PAD/Philippines to institute an identifiable program in the Philippine Government directed to achieving improvements in management and operations on a continuing basis. This project was initiated at the request of the Philippine Government, and more specifically by the Commissioner of the Budget, and coincides approximately with the tour of duty of this advisor from November 1956 to November 1958. It has been carried out through the facilities of a central management staff, the Management Service of the Budget Commission.

No attempt is made herein to draw a clear and undeniable distinction between the efforts of the writer and the efforts of the Management Service. The working relationship between the two was extremely close and this advisor was "read" into almost every phase of the work and all of the day-to-day problems. Under these circumstances not only is a distinction difficult to make but, in a sense, it is meaningless and unnecessary. Suffice to say that we both worked toward the same primary objectives as follows:

a. To develop and maintain a firmly established, recognized, and well managed and operated central staff agency to provide leadership in management, administrative, and operational improvements in the Philippine Government, including:

(1) the development and maintenance of proper organization and internal relationships, effective operating policies and procedures, and a system of program planning;

(2) the development and implementation of a comprehensive program of management surveys;

(3) the development and dissemination of performance, staffing, and other management guides and standards for application and use by Philippine Government agencies;

(4) the creation and maintenance of close relationships with the agencies and an awareness on their part of the facilities and services of the central staff agency;

(5) the further development of the skills and competence of the staff members of the central staff agency; and

(6) the procurement of such minimum business machines and other equipment and materials as may be required for improved operation of the central staff agency.

b. To develop a comprehensive, identifiable, and continuing government-wide management improvement program, including:

(1) the fostering of interest and support from the Chief Executive and agency management; and

(2) the establishment of competent organization and methods staffs in the major entities of the Philippine Government to carry out "self-improvement" programs administered internally by each agency.

c. To develop a 'professionalism' among management and organization and methods personnel and provide a means for dissemination and exchange of information among these individuals.

II. BACKGROUND

During the twentieth century, many sporadic attempts have been made to improve the administrative machinery of the Philippine Government through which the needs of its people are to be met. Reorganization Commissions, Government Survey Boards, and other such groups have been established on several occasions in an effort to expedite service, to improve and streamline administrative processes, to delineate responsibilities, to establish clear and distinguishable lines of authority, and to improve organization structure. These efforts have been made with varying degrees of success. The last such concerted effort to improve public administration in the Philippines was represented by the Government Survey and Reorganization Commission, organized and established under the provisions of the Reorganization Act of 1954.

A continuing responsibility for achieving economy and efficiency in the conduct of the public service was first recognized and vested in the Philippine Budget Commission by Executive Order No. 25 of April 25, 1936 and was reiterated in Section 6(b) of the Revised Budget Act of 1954, (R.A. 992). Those entities of the Budget Commission charged with carrying out these responsibilities were, for various reasons, unable to fulfill them adequately. Further details on this matter and the reorganization work referred to above can be found in an article entitled "Historical Background and Implementation of the Reorganization Plans of 1955 and 1956" by Quirino A. Austria in the International Review of Administrative Sciences, Vol. XXIII, 1957, No. 3.

The critical need for a strong organizational structure to carry out a continuing program of management improvement and fill the void that then existed was brought to the foreground during the period 1954-56. During this period the Government Survey and Reorganization Commission, assisted by Louis J. Kroeger and Associates, was formulating its recommendations and advocating the need for leadership in management improvement. Reorganization Plans No. 19-A, Management Practices, and 46-A and 47-A, Budgeting and Accounting, prepared and submitted by the Government Survey and Reorganization Commission in 1955, and again in 1956, contained a number of provisions designed to result in a continuous program of review, appraisal, and improvement of management and operations in the public service. Among these, they provided for the creation of a high level Council of Administrative Management to advise and assist the President of the Philippines in the improvement of administrative management techniques throughout the Executive Branch, to provide leadership in seeking solutions to management problems, and to sustain interest in and sponsor an active program of management improvement. In addition, these plans provided for the creation of an organizational unit in the Budget Commission, referred to as both the Organization and Methods Division and the Management Service, responsible for leadership, staff assistance, and technical guidance in management improvement throughout the government. The plans, however, were not officially implemented by Executive Order until November 7, 1957, and the portions relating to the Council of Administrative Management have not been implemented as of this writing.

Various papers and documents also reveal considerable interest in this matter on the part of the Booz, Allen and Hamilton contract group, working on the joint NEC-ICA project to improve budget, accounting, auditing, and treasury practices and procedures. As an example, the following dissertation is found in a Booz, Allen and Hamilton report to the Commissioner of the Budget, entitled "Organization Survey, Phase I, Modernization of Budgeting, Accounting and Auditing Practices of the Philippine Government", dated June 29, 1955:

"4. ESTABLISH A MANAGEMENT SERVICE RESPONSIBLE FOR LEADERSHIP AND TECHNICAL GUIDANCE IN MANAGEMENT IMPROVEMENT THROUGHOUT THE GOVERNMENT.

"Government is an ever-changing entity. There is constant change in the volume and types of services needed by the people of the country. As these changes occur, so must the organization and practices of the government be changed to accommodate them and to maintain fully effective operations. Furthermore, technological advances in equipment and processes should be adopted promptly where applicable so that the tax peso can purchase greater quantities of service.

"The timing of these needs for change varies with each agency. Therefore, the changes brought about by periodic government-wide reorganizations and other one-time efforts are not sufficient to maintain the agencies at peak performance at all times. Consequently there is need for continuous attention to be given to organization and management practices.

"Basically, this attention should be provided within each agency. However, there is need for a central group to promote and to coordinate an over-all effort toward improvement in all phases of governmental management.

"The logical location organizationally for this central group is in the Budget Commission. Not only is management improvement linked closely with budgeting but also the "Revised Budget Act" places responsibility on the Budget Commission for seeing that economy and efficiency in government operations are achieved.

"Therefore, a Management Service should be established in the Budget Commission under direction and control of a chief reporting to the Deputy Commissioner. Broadly, this service should have three functions: (1) to develop programs, policies, and techniques for better management practices in government for application by the agencies, (2) to assist in the training of agency personnel in these improved practices and assist in placing them in effect, and (3) to study and recommend improvements in specific situations as requested by the President or by an agency or where more than one agency is concerned with the problem."

The Public Administration Division of USOM/Philippines advocated as early as 1953 the establishment of a central management staff and an unsuccessful attempt was made in that year to develop such a staff. In 1954, the Commissioner of the Budget decided to establish an O & M staff; however, this move was reluctantly postponed in deference to a shortage of experienced personnel and funds, and because many of the academically trained individuals who were available were expected to be more effectively trained and utilized by the Government Survey and Reorganization Commission. A number of graduates of the Institute of Public Administration were employed by the GSRC on the understanding that upon completion of the GSRC work, they would become members of a Budget Commission management staff.

Action, however, was not fully delayed until the completion of the GSRC work. Several well qualified individuals who had either been trained by the Booz, Allen and Hamilton contract group or participated in the NEC-ICA participant training program were brought together to form the nucleus of the Management Service which was established on July 1, 1956.

It is evident that many individuals and groups had an important part to play in stimulating the creation of a central organization and methods office in the Philippine Government.

III. EVOLUTION OF THE CENTRAL STAFF AGENCY

During the period from July 1, 1956 to January 1, 1957, the Management Service was comprised of a very limited staff of analysts, approximately ten in number. It was devoting a goodly portion of its time to assisting the Booz, Allen and Hamilton group in implementing the latter's recommendations in the fields of management control, budgeting, accounting, and treasury operations. In addition, it was undertaking some work in the

Philippine Charity Sweepstakes Office and in the fields of printing and procurement; however, the unit was headed by an Acting Chief and lacked cohesiveness, had no recognizable organization, had few established policies and procedures under which to operate, and had no commonly understood objectives nor a planned program for moving progressively toward those objectives. This is not intended as a reflection upon those who were then engaged in the operation; it is simply a statement of the situation as it appeared to the writer following his arrival in November 1956.

On December 31, 1956, the Government Survey and Reorganization Commission, which had completed a government-wide organization study, was dissolved and, in accordance with previous plans, the Filipino analyst staff of that Commission was absorbed by the Management Service on the following day. This transfer increased to approximately twenty the number of analysts on the Management Service staff. At the same time, Mr. Leon M. Lazaga, formerly Executive Officer of the Government Survey and Reorganization Commission, was appointed as Chief of the Management Service. Under his aggressive leadership, the responsibilities of the Management Service and its ability to meet those responsibilities were reappraised and a program of internal improvements was initiated.

The implementing details for Reorganization Plans 19A, 46A and 47A, although not yet implemented, served as a basic reference to the functions, duties and responsibilities envisioned for the Management Service. They were as follows:

a. perform continuing research and study of problems involving the effective organization and administration of government services;

b. develop management planning and control techniques, and recommend to the Commissioner standards and procedures for adoption by agencies in their management improvement programs;

c. develop, promote, and assist in the installation of standard patterns of organization structure, delegation of authority, accountability patterns, staffing patterns, cost analyses, work processes, procedures control, forms control, reporting systems and control, space, equipment and materials utilization, and other common management improvements; and assist in adapting them to individual variations among agencies of the government;

d. develop and prepare materials on management practices for use in training programs, provide technical advice and assistance in the conduct of training programs, and maintain liaison with the Institute of Public Administration, the Bureau of Civil Service, and other agencies concerned with the development of government employees;

e. prepare materials for training and guiding budget examiners and agency personnel in their work relating to such matters as organization, staffing patterns, and operating methods;

f. develop and promote the application of improved statistical techniques in government related to the collection and analysis of performance data, the determination of management guides and standards, and the dissemination of data on work standards, and units of work measurement;

g. conduct specific studies of agency operations and report thereon, as directed by the Commissioner;

h. serve as a center for the study, analysis, and reconciliation of jurisdictional issues or conflicts in functional authorities as between the several governmental entities; and when necessary, prepare recommendations for the President with regard thereto;

i. coordinate implementation of agency improvement programs with government-wide programs of management improvement, to avoid conflicts or duplications; and

j. provide technical and clerical services to the Council of Administrative Management.

Immediate major requirements in terms of fulfilling these responsibilities were determined to be:

a. An established organizational structure with specifically assigned functions to each of its components and clearly defined lines of authority and responsibility among its staff.

b. In-service training to provide a maximum of competency in all members of the staff.

c. Established policies and operating procedures to provide a common approach and understanding with respect to the manner in which the work of the Management Service would be carried on.

d. A predetermined set of objectives and a planned work program directed toward the accomplishment of these objectives.

To meet these requirements, action was undertaken along the following lines:

a. The Management Service was organized by an internal memorandum of January 12, 1957 into a Management Practices Standards Division, a Performance Standards Division, and an Organization and Methods Division; assignments to the positions of Assistant Chief and Division Chiefs were made; and working and supervisory relationships were prescribed.

b. An in-service training program was instituted on January 29, 1957 on all aspects of management and organization and methods work and continued regularly through September 2, 1957 for a total of 136 training hours. This program was conducted almost exclusively through the efforts of its own staff.

c. A determined effort was made to develop policies and operating procedures and to record them in administrative issuances. Policies were developed concerning the types of management projects the Service would undertake and the relationships which would exist between the Service and other government entities; procedures were developed for the acceptance of projects, the conduct of management studies, the preparation, review and transmission of survey and study reports, the reporting of progress to top management, and other matters. These policies and procedures, as revised and improved upon in the succeeding months, were incorporated into a Management Service Manual which is now awaiting final approval and reproduction.

d. Broad objectives of the Management Service in terms of a government-wide management improvement program and its present and ultimate relationship to that program were developed and a system requiring the preparation of a six month work program in advance was instituted.

As work progressed during the first half of 1957, it became evident that a greater effort was necessary to publicize throughout government circles the existence of the Management Service, its purpose, and the manner in which it could be of assistance to agency officials. During this period, the only programmed efforts to publicize the Management Service had been in the form of a short article in a Filipino periodical, the Free Press. Actually, the Management Service had been fortunate in that many of its staff, through their previous work with the Government Survey and Reorganization Commission, had contact on a personal basis with many government agencies. These contacts, however, did not prove entirely adequate to foster interest in the Management Service and Budget Circular No. 58, dated July 31, 1957, subject: "Management Service, a Unit of the Budget Commission," was prepared and distributed throughout the government. In addition, it was decided to designate Agency Liaison Analysts from among the staff to establish and maintain contact with selected government agencies, to advise them to a limited extent on management problems, to serve as liaison between those agencies and the Management Service; and, lastly, but perhaps most important, to stimulate interest in the Management Service and in the concept of management improvement. An internal document was published on August 20, 1957, subject: "Guides for Carrying on Liaison Work," enunciating the duties and responsibilities of these liaison analysts; letters announcing the designations were addressed to each agency head and made the subject of initial discussions with agency officials. These efforts, and others made subsequently, stimulated considerable interest in the Management Service and a greater number of government agencies began to call upon it for service and assistance.

In July 1957, the Management Service was reorganized in recognition of the fact that progress in the field of standards had proved difficult and slow. Although work continued on the research and development of standards, it was believed best to deemphasize reference to it in the organizational nomenclature until these efforts began to produce results. Accordingly, the Service was reorganized into two Organization and Methods Divisions and a Technical Staff, wherein the standards work was to be carried on. This organization is reflected in Budget Circular No. 58, July 31, 1957.

On November 7, 1957, Executive Order 279 was promulgated, implementing Reorganization Plans 46A and 47A, Budget and Accounting, and those portions of Reorganization Plan 19A, Management Practices, relating to the Management Service. As a result of this Order, the Management Service was once again reorganized into four branches, consistent with the provisions of Reorganization Plan 19A, namely: Organization and Manpower, Work Simplification, Physical Resources, and Job Training Branch. The new organization and the functions assigned to each Branch were prescribed in Management Service memorandum, dated December 9, 1957, subject: "Revised Internal Organization and Staffing for the Management Service." By this time, the analyst staff had gradually grown in size to its present level of twenty-five, excluding the Chief and Assistant Chief.

Throughout this period, and subsequently, the Management Service program of assistance to the individual agencies continued to flourish. By January 1, 1958 work had been or was being undertaken in the Bureau of Civil Service, Department of Labor, Office of the Secretary of Health, Bureau of Hospitals, Bureau of Supply, Bureau of Treasury, National Resettlement and Rehabilitation Administration, Public Service Commission, Bureau of Telecommunications, Department of Education, Bureau of Internal Revenue, and Bureau of Customs. At the time of this writing, the Management Service had initiated additional studies in the National Economic Council, National Marketing Corporation, National Waterworks and Sewerage Authority, and Bureau of Plant Industry.

Despite the success of its management survey program it was well recognized that the Management Service could not, in itself, completely satisfy the needs of the entire Philippine Government to improve management and operations. In an effort to remedy this problem, attention was turned to the fostering of government management improvement efforts at all levels and encouraging the agency management to undertake their own management improvement programs on a continuing basis. It was decided that one of the basic deterrents to such a move was the lack of trained personnel in the agencies to satisfactorily perform organization and methods work and that an attempt should first be made to fill this need. Considerable effort was devoted to the development of an organization and methods training program for agency personnel and to the preparation of an announcement for such a program which would stimulate the interest of agency management.

A document was prepared entitled "Orientation Guide - Government Management Improvement Program" explaining the concept and scope of the management improvement program, the manner by which it is administered, and the benefits it represents to the agencies. This document was attached to Budget Circular 66, dated November 14, 1957, which announced an organization and methods training program for agency personnel and solicited nominations. The response was favorable and the First Agency Management Analyst Training Program, an eight week course, began on January 13, 1958. This program consisted of lectures and some workshop practice given by staff members of the Management Service, faculty members of the Institute of Public Administration, technical advisors from the Public Administration Division, USOM/Philippines, and Filipino technicians from other government

agencies and private industry. It covered the full range of subject matter in the fields of management and organization and methods work.

Successful completion of the training program required the preparation, by each participant, of a comprehensive Project Manual, representing three distinct projects involving organization and methods techniques. On March 10, 1958, forty-six individuals graduated from this course and returned to their thirty-four different agencies. Since this one training course could not fill the anticipated staffing requirements for a government-wide management improvement program, a second course was announced in Budget Circular No. 78, dated July 15, 1958, subject: "Second Agency Management Analyst Training Course." A total of forty individuals representing thirty-seven different agencies were accepted in this course which was conducted during the period September 1 - October 24, 1958. Thus, eighty-six employees and officials of the Philippine Government have been trained to date in organization and methods work, mainly through the efforts of Filipino technicians.

The first group of graduates, encouraged by the Management Service, organized themselves into a professional society called the Society for the Advancement of Management in the Philippine Government. It is intended that each succeeding group of management analyst course graduates be accepted as members of the Society. The purposes of the Society, as stated in its charter, are as follows:

(1) To help promote and develop government-wide management improvement consciousness;

(2) To help foster the systematic study and analysis of government management practices, procedures, and organizations to effect changes that will produce more efficient and economical operation;

(3) To encourage willing support of, and help those in charge with management responsibilities adopt measures that will aid them get things done more effectively;

(4) To help demonstrate and apply effectively the tried-and-tested sound management concepts, principles, and techniques that have to do with organizations, methods, and controls by which the day-to-day business of government agencies is conducted;

(5) To encourage and develop good will, understanding and true spirit of fellowship not only among the members of the society but also between the society members and other government officials and employees; and

(6) To help establish and maintain cordial and mutually beneficial relations between the society and similar groups here and abroad.

Unfortunately, troubled by turnover in its top ranks, the Society has not yet become firmly established and sufficiently active; however, its

officials are now in the process of planning a program for the future.

In further moves to stimulate the interest of agency management, symposium forums on management and management improvement were held during the course of these two training programs on February 20 and October 10, 1958. Recognized leaders in government and private industry participated in these forums which were broadcast over local radio stations. Attendance of bureau directors, division, and other agency officials at these forums was strongly encouraged in Memorandum Circulars issued by the Office of the President. Except for Executive Order No. 279 implementing Reorganization Plan 19-A, these Circulars are the only publicized support that the Management Service's program has received from the Chief Executive's Office. A draft Executive Order officially announcing a government-wide management improvement program and assigning responsibilities for its execution was prepared by the Management Service and submitted to the Commissioner of the Budget in April 1958 but has not yet been issued.

Notwithstanding this situation, the Management Service continued in its efforts to promote management improvement programs at the agency level and developed a guide for agency heads in establishing agency organization and methods staffs. This guide was published as an attachment to Budget Circular 75, dated June 6, 1958, subject: "Guidelines on Organization and Working Relationships of Agency Management Staffs."

Another management need to be met by the Management Service was that of developing and publishing guides and standards on various aspects of management for use and application by other government agencies and officials. As indicated elsewhere in the report, progress has been slow; however, a substantial amount of research and preparatory work has been done, particularly with respect to management practices and administrative operations. Work in the development of performance and/or staffing standards has been almost nil, primarily because of a lack of experience in this field and, to some extent, because of the rather extensive and time-consuming research and statistical reporting which is an essential adjunct to the development of this type of standard.

The first standard or guide to be published was Budget Circular 59, dated August 1, 1957, subject: "Preparation of Manuals of Standard Operating Procedures in all Government Offices and Corporations." This subject was chosen because there existed, and still does, a lack of written and recorded procedures and practices, representing long standing practices on the part of "old-line" officials and employees. In addition, it was believed that such a guide would increase the availability of current practices and operations in written form and thus facilitate analysis and evaluation for management improvement purposes. Budget Circular 59 caused an immediate flurry of activity in several agencies and a number of them have prepared or are in the process of preparing administrative manuals, many of them with the assistance of the Management Service. Four other management guides are being developed for dissemination government-wide entitled (1) Handbook on Records Maintenance and Control, (2) Handbook on Records Disposition, (3) Guide to Plain Letters, and (4) Handbook on Mail Operations, the latter

having been approved by the Commissioner of the Budget in September 1958. Additional management guides should be forthcoming as a result of research assignments to the Management Service staff from which are to come research papers on thirty-three different aspects of management.

In an effort to gather data which it considered essential to the further development of guides and standards, the Management Service prepared and published Budget Circular No. 74, dated May 30, 1958, subject: "Collection of Structural, Functional, and Personnel (Position) Charts." This Circular requested the preparation and submission by all government agencies of organization, function, and staffing charts and contained instructions, guides, and sample charts to assist the agencies in compliance. When all of the resultant data are collected, assembled and collated, it is anticipated that work in the field of organization and staffing standards will be considerably facilitated and that, ultimately, a reference manual on organization and functions of the Philippine Government will be published.

A development of considerable potential impact on the management improvement program occurred on July 15, 1958 when a new organization entitled the President's Committee on Administration Performance and Efficiency (PCAPE) was created in the Office of the President under Executive Order No. 306. Among other responsibilities assigned to this Committee, it was to "obtain, collect and process, periodically and when specifically required, such data on the status, situation, progress, and/or problems of governmental activity in general and of administration projects in particular as will make possible the evaluation of the performance efficiency of the government entities responsible therefore" and "make and submit, from time to time, a regular report on the overall conduct and performance of government, listing such government entities as are found indifferent, negligent or confronted with problems with appropriate recommendations for the improvement of the administration of government, or of its essential services and operations."

Because of the possible duplication and overlapping of effort in their respective activities, the Management Service made an immediate move to establish contact with the PCAPE, explain its program and clarify their relationships. As a result, a cooperatively developed document was formally approved by the Commissioner of the Budget on September 12, 1958 wherein a series of relationships were defined which provided for the utmost of cooperation and mutual support between these two agencies. Since that time, the Management Service has agreed to provide management advice and counsel to teams of PCAPE personnel currently assigned to review the operations of eleven agencies, namely the Central Bank, Agricultural Credit and Cooperative Financing Administration, National Rice and Corn Corporation, Land Tenure Administration, Peoples Homesite and Housing Corporation, Bureau of Plant Industry, Bureau of Forestry, Bureau of Lands, Bureau of Immigration, and National Rehabilitation and Resettlement Administration. The PCAPE has announced that its studies of these government agencies will be concerned with five principal areas: (1) organization, (2) management, (3) operations, (4) fiscal position, and (5) current and planned projects, and investigation of personnel involved in graft and corruption. The PCAPE has also made clear

to the Management Service that it is primarily involved in problem identification activities and will look to the Management Service to assist it and the agencies in finding ways and means to solve these problems. Should this arrangement and the agreements thus far reached be fulfilled, considerable progress is in sight for both the Philippine Government and the Management Service.

Throughout this entire two year period, the Management Service has missed very few opportunities afforded it to make personal representations about management, management improvement, and the Management Service itself. Many of its staff, including all of its former Type A participants, have complied on numerous occasions with requests to participate in agency training programs as guest lecturers or conference leaders or serve as guest speakers at special meetings, conferences, and ceremonies. The Chief of the Management Service has written several articles for a local newspaper and has recorded an interview for the USIS which was broadcast locally. All of these activities have reflected favorably upon the Management Service and have contributed to its growing reputation as a competent and leading advocate in the improvement of management and operations in the Philippine Government.

In the foregoing description of the growth of the Management Service and its program, the writer has been obliged by limitations on both time and space to present only the more significant developments. Such an approach leaves undiscussed much of the work, many of the trials and tribulations, and all of the detailed research, study, and consideration that preceded and contributed to these and other lesser developments. Also unmentioned is the vast amount of work done in connection with the implementation of several reorganization plans, the review and evaluation of proposed legislation affecting government operations, rendering of management advice and assistance to government agencies on an immediate need basis, the demands for further information in support of reorganization plans still pending, the development and preparation of training materials for the training programs, the fostering of budgetary support for the management improvement program, and the development of effective working relationships both within and outside the Budget Commission.

IV. ACCOMPLISHMENTS

By no means can it be said that all of the objectives of this project have been reached. Much work and effort remains before a full-scale government-wide management improvement program exists in the Philippine Government. Nevertheless, during this two year period many things have been accomplished and the movement toward many more is underway. Part III of this report represents a whole series of accomplishments, of which the most significant may be summarized as follows:

a. An able, well trained, predominantly dedicated and competently managed central management staff has been developed and is recognized in many government quarters as a responsible source of advice and assistance on management problems.

b. A constantly expanding work program for this central management staff gives evidence of an increasing interest on the part of government officials in management improvement.

c. A corps of trained organization and methods analysts has been developed to undertake management improvement work in the Philippine Government and a continuing training program for this purpose has been established.

d. A series of management guides have been and are being developed and published by a central authority for application on a government-wide basis, and their utilization is in increasing evidence.

e. Several organization and methods offices are now provided for at the department, bureau, and agency level. An inventory made by the Management Service in September 1958 indicated that the following major elements had provision for such staffs in the number indicated:

Office of the President (3)
Executive Office of the President (1)
Department of Foreign Affairs (1)
Department of Agriculture and Natural Resources (6)
Department of Finance (2)
Department of General Services (1)
Department of Health (1)
Department of Labor (1)
Department of Public Works & Communications (3)
Corporations and Independent Agencies (6)

In addition, the Department of National Defense has several such staffs, apparently manned exclusively by armed forces personnel. The inventory was not sufficiently comprehensive to reveal the exact nature and extent of management improvement work being undertaken in these agencies; nevertheless, it does serve to indicate that progress is being made. Since the most optimistic estimate, however, sets at 20% the number of agencies with management staffs, much work remains to be done in terms of a government-wide management improvement program.

f. Professionalism in the field of governmental management and management improvement has been fostered through the organization of a Society for the Advancement of Management in the Philippine government, and a medium for the free exchange of ideas and information and the devdopment of an esprit de corps among personnel interested in management improvement has thus been provided.

g. Significant improvements in the management and operation of several entities of the Philippine Government have been made through the cooperative efforts of these agencies and the Management Service. These improvements and other accomplishments of the Management Service are reflected in the annual reports of the Management Service to the Commissioner of the Budget for the Fiscal Years 1957 and 1958.

V. PROBLEMS AND POSSIBLE COURSES OF ACTION

There still remain a number of problems or situations, the resolution or improvement of which would accelerate or upgrade the management improvement effort in the Philippines. Many of these problems are internal to and may be acted upon by either the Management Service or the Budget Commission; others require cooperative action on the part of the Budget Commission and other interested government instrumentalities.

a. Management Improvement Promotion. Little has been done in terms of promoting the philosophy of management improvement among agency officials, other than through a few written materials and press releases, two forums, and the agency liaison analyst system which has not been fully utilized. A more personalized high level approach would, in the writer's opinion, create greater interest in the program. A series of small seminar or forum type sessions with key management officials of departments, bureaus, and independent agencies, participated in by both the Chief and Assistant Chief of the Management Service might well meet this need.

b. Top Leadership in Management Improvement. Although the Management Service has made significant progress in fostering management improvement efforts in the Philippine Government, it has done so with little support in the top hierarchy of government. It has had to be both the primary source of inspirational leadership and the source of direction, coordination, and technical guidance. In the area of government-wide management improvements, it lacks, except for the Commissioner of the Budget as an individual, a means whereby its proposals can be weighed, judged, and supported before the President. As indicated previously, Reorganization Plan 19A provided for a Council of Administrative Management, composed of the Secretary of Education, Secretary of General Services, President of the University of the Philippines, Director of the Institute of Public Administration, Commissioner of the Budget, Commissioner of Civil Service, and Executive Secretary to the President. Implementation of this portion of Plan 19A would provide the desirable high level leadership and create a competent authority to determine overall management needs and judge the suitability of government-wide management improvements which may be developed by the Management Service for implementation by the President.

In addition, although the Management Service has continually publicized and referred to a government-wide management improvement program, no such program has been announced or supported by the Chief Executive. An Executive Order which institutes a management improvement program and assigns responsibilities in connection therewith is essential to its success and should result in a greatly accelerated rate of progress. Action on both the Council of Administrative Management and an Executive Order on the management improvement program should be expedited.

c. Inventory. The primary objective of the Management Service is to encourage management improvement efforts in the agencies. It is most difficult to determine the scope of the work to be done and the progress made in reaching the objective without accurate information on the present status.

The inventory compiled by the Management Service in September 1958 gives considerable information in this respect, but lacks definitiveness with respect to the true nature of the programs existing in the agencies having management staffs. Consideration should be given in the near future to the making of a concerted drive to obtain this data. The Management Service will then be in a much better position to gauge the extent to which management improvement efforts are currently underway and to better defend its program in terms of accomplishments and future workload when and if it should be called upon to do so. It might also be well to sponsor a meeting of representatives from management staffs in existence to compare progress and cooperatively determine needs and future courses of action.

d. Follow Up of Trainees. The Management Service has trained 86 government officials and employees in the techniques of organization and methods. Following the first training program in March 1958, and in the intervening months until the second program in September 1958, little, if any, effort was made to follow up on the utilization of these new skills. The Management Service has very little information concerning these people in whom it invested time and money. If the government agencies are to believe that this training is given with a definite purpose in mind, the Management Service should institute a systematic follow-up. This would give the agencies clear evidence that the Management Service has conducted this training in all seriousness and intends that it be utilized - otherwise consideration might be given to prohibiting an agency from further participation in the training program. A definite program of follow-up would be desirable and would give greater assurance that the training is serving its purpose.

e. Relationships with PCAPE. Although relationships with the President's Committee on Administration Performance and Efficiency appear thus far to be most advantageous, there remains the possibility that they bode many problems in the future. Press releases on PCAPE's activities have tended to publicize them as 'investigations' or 'probes' concerned with anomalies, graft, and corruption. Should the Management Service become involved in and closely associated with these types of activities, it will find great difficulty in retaining its present and progressively productive staff advisory and assistance relationship with the government agencies. In this regard, the series of relationships between the PCAPE and the Management Service which were formally approved by the Commissioner of the Budget are highly satisfactory. Great vigilance and care, however, must be exercised in carrying out these relationships to preclude any adverse effect upon the Management Service and its program while, at the same time, producing the maximum benefit to improved management and operations in the Philippine Government.

f. Case Study Method of Training. The two agency management analyst training programs conducted thus far consisted almost solely of lecture-type sessions. Although this type of training is both acceptable and beneficial, it tends over a period of eight weeks to deaden the interest and spirit of the participants because its pace and tempo seldom changes. In addition, only the most skillful lectures can elicit

contributions, comments, and questions from more than but a few normally outspoken participants. Occasional case study or laboratory sessions would serve to change pace, stimulate general interest, and arouse the more reserved participants. In many cases, the case study method has also proven superior in terms of the degree of understanding and learning acquired. The case study approach has been considered by the Management Service but not utilized thus far, perhaps because of the limited availability of case studies on Philippine problems. Inasmuch as management and administrative problems in any setting have similar characteristics and involve the same principles and techniques of study and resolution, consideration should be given the use and adaptation of other available case studies. Among others, those which have been developed for use in training programs of the ICA in Washington could be adapted with little difficulty and ably presented and discussed by former Type A participants who underwent this same training.

g. Performance Standards (Work Measurement). Work measurement and the performance standards developed therefrom are, if used properly, of considerable assistance to agency management in evaluating operating efficiency, in determining progress toward objectives, and in planning future programs. Valid standards are also essential to effective implementation of program or performance budgeting. Progress in developing performance standards has been slow, and understandably so since it is a very complex field. The research and analysis required for any project is time consuming; and the results are often long delayed. The Management Service staff as a whole is eager and impatient for results, a characteristic incompatible with this kind of work. Some lack of experience and training in work measurement may also contribute to the situation. Nevertheless, there is an old adage - "Nothing ventured - nothing gained " This philosophy applies to the field of work measurement in the Philippines. There is considerable written material available in the libraries of the Management Service, the Institute of Public Administration, and the Industrial Development Center; there is at least one staff member who, as a Type A participant, has been exposed to the field. This would seem an adequate basis upon which to begin experiments in work measurement. A small bureau, independent agency or component thereof could undoubtedly be found to cooperate in such a project and serve as a proving ground for work measurement in the Philippines.

h. Employee Participation in Management Improvement. Employee participation has proven in other locales to have had considerable impact upon successful management improvement programs. In the Philippines, this aspect has not been fully exploited and, in fact, cannot be until the administrative machinery for management improvement has been established. Nevertheless, employee participation should not be overlooked even at this time. There are many approaches to employee participation, among which are supervisory training programs directed to management improvements and incentive awards programs. Consideration should be given to the training of first line supervisors in simple techniques by which they can review their limited areas of operation and develop and install improvements. These improvements may be minor in themselves but in sum total will represent

considerable progress. This type of training need not wait until a full scale management improvement program is underway or management staffs are created in any pre-determined number. A program of training such as this, may, in fact, be the answer to improvement despite delay in the establishment of management staffs. Consideration should also be given to the development and/or support of legislation designed to institute an incentive awards program which will reward employees in one way or another for practical suggestions or other efforts to improve the public service. These incentives do not necessarily have to be in the form of direct monetary benefits to be successful, although some provision for slight salary increases or monetary awards would be highly desirable. They may be in the form of citations, administrative leave, certificates, commendations, or other non-monetary recompense. This type of a program enlists the participation in the management improvement effort of the lowest level employees, from whom may come some of the most beneficial ideas for improvement. It has the further advantage, also, of increasing employee morale and giving them a sense of direct participation in the affairs of management.

i. Society for the Advancement of Management in the Philippine Government. As indicated previously, since its creation in March 1958, the Society has been literally devoid of activity. This group, composed as it is of individuals trained to become agency management analysts, could become a potent force in the government management improvement program. Representing, at present, some fifty odd government agencies and potentially representing many more, it could serve on its own initiative as a means of bringing to light prevailing management and operational problems in government, and as a research center to study, discuss, and devise solutions to these problems. In addition, it could cooperate with the Management Service in determining and maintaining cognizance of the nature, extent, and progress of management improvement activities in government and in developing ideas as to what possible actions may be in order to further promote and gain acceptance of the management improvement program.

VI. ICA ASSISTANCE

In addition to the technical advice, assistance, and counsel rendered on this project through the writer, other types of assistance were provided through the facilities of the International Cooperation Administration as follows:

a. Books and Periodicals. A small library of in excess of one hundred management books and periodicals was provided for the Management Service in the amount of $1,000 as a result of the approved PPA for Fiscal Year 1958; $500 additional is contemplated under the Fiscal Year 1959 program.

b. Equipment. A multilith printing machine, a varitype machine, a lettering set, films, and various accessories in the amount of $11,000 was provided the Management Service as a result of an approved PPA Amendment for Fiscal Year 1958.

c. Participants. Six members of the Management Service staff underwent training in the United States under the Type A Technical Assistance Program. Two others departed on October 12, 1958 under the Fiscal Year 1958 program. In addition, one participant from the Department of Public Works and Communications was trained under the Fiscal Year 1957 program. These participants and their fields and periods of training follow:

Name	Field of Training	Period of Training	Present Position
Ruben M. de Castro	In-service Training	6/54-6/55	Assistant Chief, Management Service
Conrado S. Magat	Orgn. & Management	12/55-8/56	Chief, Orgn. & Manpower Branch, Management Service
Arsenio P. Talingdan	Orgn. & Management	9/55-9/56	Staff Member, O&M Branch, Management Service
Placido Manalo, Jr.	Orgn. & Management	1-7/57	Chief, Physical Resources Branch, Management Service
Severo P. Asuncion	Orgn. & Methods	9/57-3/58	Staff Member, O&M Branch, Management Service
Paterno C. Torresyap	Orgn. & Methods	9/57-3/58	Staff Member, Office of the Chief, Management Service
Severino M. Plamenco	Orgn. & Methods	9/57-3/58	Supervising Civil Engineer, Programming & Budgeting Office, Dept. of Public Works & Communications
Carmel C. Perfecto	O&M (Space, equipment & materials utilization)	10/58-4/59	Staff Member, Physical Resources Branch, Management Service
Francisco N. Romero, Jr.	O&M (Paperwork management & management controls)	10/58-4/59	Staff Member, O&M Branch, Management Service

RESEARCH NEEDS IN THE EXAMINING AND SELECTION PROCESS*

by

B. Thomas Walsh
Public Administration Advisor

FUNDAMENTAL to any merit system is an effective examining and selection process. Article XII of the Philippine Constitution provides that "appointments in the Civil Service ... shall be made only according to merit and fitness, to be determined as far as practicable by competitive examination." The Examining Division of the Bureau of Civil Service has been primarily responsible for the efficient discharge of this function.

In determining merit and fitness, however, a valid examination alone is not sufficient. Proper admission requirements must be determined and adequate recruitment undertaken. The examination itself should be objective both in content and scoring. It should be reasonably related to the duties of the class of work examined for and fair for all competitors. Standards of test administration should be uniform and proper steps taken to maintain the confidential nature of the examination.

Results of an examination should be released as soon after holding as possible. The passing points set should be based on careful analysis of test results. To protect the integrity of the examining process, no change in the required passing score should be permitted once papers are identified nor should close failed scores be "rounded up" to passing.

Successful candidates in order of merit should be given full consideration in the filling of jobs. Certification should be a requisite of all permanent appointments to insure that merit and fitness is followed and replacement of those not qualified effected. The application of eligibility should be limited to the classes of work that are appropriate to the contents of an examination. Appointments should be processed promptly and without additional clearances by non-civil service entities and persons.

These, briefly, are some of the principles underlying an examination and selection program based on merit. In the undertaking of changes to improve the personnel program in the Philippines, there are many questions needing research and study. It is the purpose of this paper to suggest some areas for which research might be undertaken.

It has frequently been asserted that the civil service examining program should move from the broad "grade" concept which measures general information to one in which applicants are tested along occupational lines. Traditionally,

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examinations and resultant eligibilities have been geared to educational achievement, with First, Second, and Third Grade corresponding approximately to graduation from college, high school, and elementary school respectively. To some extent, such a program has been effected by the Bureau of Civil Service in holding examinations designed to measure knowledges, skills, and abilities of particular classes or groups of positions. In any case, the question may be asked as to how the effectiveness of such an examining program can be measured.

A continuing program of research needs to be done to ascertain the validity of examinations. This basically consists of measuring the results of examinations against work performance. If adequate criterion measures are devised, examinations may be used as a valuable tool in the selection of employees who have the greatest likelihood of future job success. Improvement in the techniques of employee evaluation and work standards would materially assist in obtaining an adequate examination criterion. To provide a valid examination for a class of positions may not be enough. Some investigation of the actual selection process may be in order. What positive recruitment, if any, was undertaken? Have better qualified candidates, especially those who are successfully employed, been encouraged to apply or has lack of recruitment restricted competition primarily to those who are unemployed or who need eligibility to acquire permanent status in a job they already hold?

Much research can be done about the use of "eligibility" in regard to proper placement. Present practice generally permit eligibilities to be converted to equivalencies. For example, the eligibility resulting from an examination for Stenographer can be converted to 2nd grade which in turn permits a person to be appointed as patrolman. In addition to this horizontal converting of eligibilities which permits a person to fill a wide range of jobs, lower level "grade" eligibilities are also given candidates who fail an examination with a score of 60% or higher. A candidate who fails the examination for Senior Teacher with a score of 60%, for example, can receive Junior Teacher eligibility or equivalent (2nd Grade). The procedure in such cases is to add 10 points to the earned score of the candidate when being converted to the next lower grade level. The assumption is that had the candidate actually taken the examination for the level below, he would have scored 10 points higher.

A worthwhile study could be done to see whether such practices are warranted. If a group of candidates for a higher "grade" examination were also given an examination for the next lower "grade", actual scores could be compared. Since examination passing points are set largely on the basis of the number of candidates taking the examination relative to the expected number of appointments to be made, considerable variation in scores between levels may be expected to result. Such a study might also cover such questions as: Does the fact that conversion to lower grade eligibility is restricted to only those who took and failed a particular examination violate the principle of open-competition? What would have happened if the lower grade examination had actually been announced and many other qualified candidates competed? Does the conversion of failed ratings to lower general "grade" eligibilities have anything to do with "merit and fitness"?

In addition, a survey could be undertaken to determine the extent of permanent appointments made by the granting of "equivalent" eligibilities. Included in this survey should also be those who have been granted eligibilities under R.A. 1080 as amended by R.A. 1844. These acts confer civil service eligibility through the taking of Bar and Board examinations. These grants cover not only relevant classes of positions but also give general "grade" eligibility for the next lower level. For example, passing the Bar examination qualifies persons to be appointed not only as lawyers and attorneys in the civil service (equivalent to 1st grade), but grants eligibility for non-related 2nd grade positions. These examinations are administered by the Boards of Examiners and are not prepared, rated or under the control of the Civil Service Bureau. Professionals in various fields may thereby be favored by the frequent holding of Bar and Board examinations compared to the relatively infrequent Civil Service examinations. As a result, many non-appropriate positions, particularly those clerical in nature, have been filled by R.A. 1080 and 1844 to the detriment of those who have actually taken appropriate civil service examinations. This method of granting eligibility would seem at variance with the principle of "open-competition", and the repeal of these Acts has been proposed in the Civil Service Bill of 1958.

Other sources of eligibility arise from similar grants based on scholarship and pensionado examinations, the relevancy of which to positions in the civil service is questionable. Still further granting of eligibility is done through R.A. 186 which blankets in employees who have been in the government service continuously for ten years prior to June 21, 1947.

Operating department opinion should be secured as to whether eligibles who pass appropriate examinations perform more satisfactorily than those who are granted equivalences, converted from a failing higher "grade" to a lower one, or who receive grants through Board and Bar, scholarship, etc., examinations. It would seem pertinent also to measure whether civil service eligibles of whatever kind have better work performance than non-eligibles.

It has been commonly assumed that the placement of persons who have "eligibility" or have taken some sort of examination is preferable to those who have not. Several factors need to be investigated before this may be said to be true. What standards were used for admission to a given examination? Were such requirements relevant to the duties and functions of the class examined? Were qualifications stated clearly to aid correct interpretation and reviewed prior to the holding of the examination? Were requirements set too high or low in relation to the degree of knowledges, skills, and abilities of the class resulting in candidates who may be either over-qualified or underexperienced?

An encouraging note is the developing of qualification standards by the Bureau of Civil Service. These standards will set forth the minimum training and experience required for groups of classes as well as defining the types of eligibilities necessary for permanent appointment. This is a worthwhile project which will take some time for completion but which can be used as necessary requisites for all appointments, permanent and otherwise.

Some additional facts need to be known about the selection process. How many people are actually hired from eligible lists without previous temporary service? A survey of employees could be conducted as to whether they feel appointments and promotions are based primarily on sponsorship rather than merit. How widespread is the use of certification in which the operating department requests the Bureau of Civil Service to furnish a list of eligibles to fill a particular position or positions? How often do employees secure the job first without certification and later request the central personnel agency to grant "equivalent" eligibility?

Research could be done to determine how long eligibilities have been held that have been used for appointment. In former days, eligible lists had a duration not exceeding four years, but R.A. 1079, passed in 1954, grants permanent lifetime eligibility on a retroactive basis. It is possible for someone, for example, to use a 2nd grade eligibility acquired 30 years ago to receive a permanent appointment as a clerk or patrolman. The question might be asked as to how the length of time an eligibility has been held correlates with successful work performance. Other aspects of this question include: Can different eligible register scores be combined? How can better qualified eligibles be certified under this system? To what extent are old non-appropriate eligibilities used to the disadvantage of those who have taken a recent appropriate examination? Is lifetime eligibility in accord with the Constitutional provision requiring appointments to be based on "merit and fitness" after competitive examination?

Much work is needed to develop a career system of promotion. Aside from such factors as effective employee evaluation and the like, determinations must be made as to what conditions shall be fulfilled in promoting an employee. At the outset, it would be helpful to define "promotion" as the movement of an employee from a given position to one involving an actual change of duties involving an increased scope of responsibility. For national government employees, such a change would be reflected by a different class title and a higher pay range. Promotion at present often means merely an increase in pay even though duties remain unchanged.

At the present time, an employee may be "promoted" to a position so long as it does not exceed the salary limits set for the specific eligibility held or, more commonly, the maximum limit assigned his "grade" of eligibility. These salary limits for the three grades, both minimum and maximum, were first promulgated by Executive Order 392 in 1951 and were supplemented by certain specific eligibility limits contained in a Budget Circular issued in June, 1957. The maximum salary limits particularly that set for 2nd grade eligibility (₱2760), introduced certain rigidities in "promotions". An employee cannot be advanced beyond the salary limits of his eligibility without losing his permanent status and the corresponding retirement and insurance benefits. As a result of this, many employees are frozen in their salaries necessitating the holding of so-called "promotion" examinations in order to receive an increase in salary. To be eligible to take such an examination, employees must have permanent status in the class for which they are taking the examination. (For example, one must have permanent status as Municipal Treasurer to take the "promotion" examination for Municipal Treasurer.) These examinations do

nothing toward the elimination of temporaries since even if a candidate fails, which is highly unlikely due to the heavy weight given training and experience, he still retains his job because of permanent status. Consideration of "promotion" is not based on whether an employee has previously taken an examination which is appropriate in terms of the duties of the position but rather on whether the eligibility possessed is equivalent to some "grade" level.

If a promotion system is to be devised based on pertinent qualifications and appropriate eligibilities instead of the "grade" concept, many factors need to be determined. These include: minimum appropriate training and experience requirements; lines of promotion into and from classes of positions; appropriate kinds of eligibility or examinations to be taken for a series or group of classes; whether examinations are in some instances required for intermediate and higher level classes in a series and, if so, whether the basis of holding should be assembled or unassembled; shall promotion, whether on an administrative basis or by examination, be restricted to permanent employees holding appropriate positions already in the service or shall recruitment include outside candidates.

In regard to present practices of promotion such questions as these may be asked. How do employees learn of promotion opportunities? Is promotion done on a personal basis or are attempts made to select from among those best qualified? To what extent is "merit" a factor in promotion?

Promotion practices have also been affected by the so-called "seniority rule". This rule is set forth in paragraph 3, Administrative Order #63, Series of 1938, and reads as follows: "The filling of vacancies and promotions shall be based on seniority and any departure therefrom, in meritorious cases, shall be submitted, with the full records of the case, to the President for approval." It places the burden of proof on the operating departments for deviations from straight seniority. Research in this area might include what employee and departmental attitudes are towards the "seniority rule" and whether the application of seniority rule has resulted in the best qualified employees being advanced to more responsible positions rather than being used primarily as a reward for long service regardless of the level of performance.

Additional studies could be made concerning departmental opinions of selection practices along the lines followed by Gregorio A. Francisco of the Institute of Public Administration last year. Areas which might be included are: The extent of informal or departmental testing due to the practice of certifying general "grade" eligibilities; what is the actual processing time of appointments; to what extent is certification used; is the rule of 3 in certification appropriate and realistic and what is the actual degree of adherence.

A major problem needing study is the tremendous backlog of non-eligibles in the Civil Service. The number of "temporaries" has increased markedly in the years following the war and now totals approximately 100,000, which is roughly equivalent to one-third the total number of employees. What has been

their effect on the placement and selection process?

In making a study, it would be well to ask: Has the presence of large numbers of temporaries been responsible for much of the lack of certification? To what extent has the concept of appointing higher-ranking eligibles been by-passed in order to reach or retain temporaries? How possible is it for persons who are not already holding positions on a temporary basis to secure appointments? How often are temporaries continued in service even when eligible lists are available? On occasions where replacements are effected by eligibles, what disruption and loss of training is incurred by the departments concerned? What is the average length of time a "temporary" appointment is held? Have most long-term temporaries taken one or more previous Civil Service examinations? What correlation is there between the qualifications possessed by temporaries and the likelihood of their obtaining Civil Service eligibility? To what extent have examination requirements appearing on announcements been made restrictive so as to cut down competition and thereby increase the likelihood of temporaries passing the examination? Have examination contents been unduly directed so as to favor those already holding positions on a temporary basis?

The duration of time that many employees are in temporary status also raises questions of basic equity. Nearly all were originally appointed without regard to minimum requirements which raises a question as to the adequacy of their training and experience. In many cases, appropriate examinations have not been held for several years and, through no fault of their own, they have not been able to qualify for permanent status. Continuance of employees on a temporary basis over an extended period of time may give some justification to temporaries for entitlement to the jobs they hold.

Exception to this is found in the group of "temporaries" who have been appointed in the unclassified service as laborers but who are performing clerical or other white-collar work. The Bureau of Civil Service is currently at work on this problem and estimates the number of such temporaries at several thousand. By the use of such titles as "helper" or "laborer" these persons are able to avoid the requirement of taking a competitive examination or being subject to replacement by persons with eligibility. This is said to be the most common method of making appointments of non-eligibles when there are appropriate eligible lists in existence. Positions for which other people have qualified by taking an examination are thus undisclosed until such time as the unclassified temporary obtains some sort of eligibility and can receive an appointment in the classified service.

It is commonly admitted that departments generally make every effort to retain temporaries even when eligibles are available. It is recognized that certification is seldom requested and for this reason, very few persons enter government service as the direct result of taking an examination. The use of competitive examinations for recruitment, selection, and placement of personnel has largely been negated. If a study related to this were made it might be asked whether a program of blanketing in or giving

qualifying entitlement to temporaries would not in the long run promote a selection system based on merit and fitness. To the extent that temporaries inhibit the appointment of new qualified eligibles, the question may be asked whether the present system is actually one of merit or only a system with a merit facade.

In conclusion, this brief discourse has covered only some of the areas of examination and selection in which research can be done. Other topics worthy of study might include: What importance and role should be placed on the evaluation of training and experience? What are the proper methods and functions of certification? What safeguards and criteria can be established to prevent abuse of the exemption of appointments to jobs which are "policy determining, primarily confidential or highly technical"? What application may be made of unassembled examinations, group orals, performance tests?

To the extent that evaluative studies are done in the area of selection, means may be found for securing people for government service who are best qualified and will discharge their functions more efficiently.

TERMINAL REPORT

of

Gavin Lawson
Public Administration Advisor (Personnel)
February 25, 1958

I. INTRODUCTION AND BACKGROUND

The Bell Economic Survey Mission, which came to the Philippines at the request of the Philippine government for assistance in surveying conditions as they affected economic development and financial stability in its Report in 1950, stated:

> "The Philippine government has had great difficulty in rebuilding its administrative system. Although it inherited a reasonably well-trained civil service when the Commonwealth was formed, the disorders caused by war have made it difficult to restore the administrative efficiency of the Commonwealth regime. A special effort must now be made to improve the public administration in order to give the people confidence in the government. It is particularly important at this time because the economic development program will of necessity place greater responsibility on public administration. The success of the development program may depend more on the efficiency and honesty of the public service than on any other single factor."

With regard to the need for reorganization and revitalization of the civil service the Bell Report stated further:

> "The difficulties of efficient administration are further complicated by the fact that many of the appointments are made as political rewards, without great concern for the qualifications necessary to perform the duties. The civil service should be reorganized to assure appointments to all technical and administrative posts exclusively on merit. The present system, although designed to be based on merit does not function in this way."

The Bell Mission Report had this to say in its recommendations relating to civil service in a section on recommendations pertaining to Public Administration:

> "1. The civil service should be placed on a merit basis and the salaries raised as soon as the budget is approximately balanced. The efficiency of the civil service should be improved by supervisory training courses, - a job rotation system and the provision of staff assistance in administrative management."

Accordingly, upon the establishment of the Public Administration Division in the Technical Assistance program and after a preliminary survey by Mr. Harry W. Marsh in 1951 of the priority needs of the public administration program a personnel advisor position was established in 1952 as an integral part of the USOM/Manila PAD program. The first Personnel Advisor, Mr. Kelvin Sharp, was appointed to the position, entered on duty in Manila in February 1953 and served until September 1954. A more intensive study of civil service problems together with ways and means for their solution was then undertaken. Principal efforts during this period included a study and the filing of a series of recommendations in a survey report of the civil service in February 1954 by the staff of the Budget Commission, which led, in turn, to the designation by President Magsaysay of a committee appropriately named the President's Committee on Civil Service whose members were directed to: (1) Study and propose revisions and/or modifications of the Civil Service Law, Rules and Regulations, in accordance with the concepts of modern personnel management; and, (2) To implement recommendations contained in the Survey Report on the Bureau of Civil Service prepared earlier by the Budget Commission. Accordingly, the committee produced a proposed Civil Service Bill for presentation to the Congress and a set of recommendations to facilitate reorganization of the Bureau of Civil Service. Although the bill and a subsequent substitute bill failed to be acted upon by the Congress, certain modifications were achieved in the reorganization of the Bureau's operations.

Upon the completion of his tour of duty Mr. Sharp was replaced by Mr. Gordon Peterson in January 1955. During this period much of the work in reorganizing the functions and activities of the Civil Service Bureau in accordance with the earlier survey recommendations was continued.

Civil service improvement endeavors in the first several years were carried on as a sub-project of the overall Government Management and Procedures Improvement Project. In 1955, however, technical assistance in civil service improvement was set up as a separate project. In order to give broader support to the task of providing adequate technical assistance to the project the PPA for FY 1955-56 was amended to provide for the employment and recruitment of three additional technical advisors: a Civil Service Employment Advisor, an Employee Relations Advisor, and a Test Development Specialist (Psychometrist).

In July, 1955 Mr. Peterson became seriously ill and was evacuated to the United States shortly thereafter leaving a void in the continuity of the assistance program. Other PAD TA's, principally Mr. Charles J. Nelson and Mr. Virgil B. Zimmerman, acting Chief of PAD, filled in during this period. Mr. Gavin Lawson, Employee Relations Advisor, arrived in early December, 1955 and performed the generalist duties as the single personnel advisor to the project. Dr. Melvin Davidoff, on loan from the U. S. Civil Service Commission, served a 60-day period on TDY as Testing Advisor in February-March 1956. Mr. Charles W. Fredriksen, Civil Service Employment Advisor, arrived in June, 1956; Mr. B. Thomas Walsh, Psychometrist, arrived in September 1956 and Mr. H. Donald McInnis, Personnel Advisor, as team leader and advisor in position classification and in-service training,

arrived in November, 1956 to round out the Civil Service and Personnel Management Improvement Project "Team".

Position Classification and Compensation

Part of the plan for improvement of the Philippine civil service included the development and implementation of a uniform and standardized position classification and compensation plan for employees in National Government agencies. In consideration of the size and scope of the work to be done and in the interest of expediency this particular endeavor was set up by contract and as a separate project under the direction of the Budget Commissioner.

In 1953 a contract was negotiated and work begun by Louis J. Kroeger and Associates of San Francisco on the review and classification of approximately 200,000 positions in the National Government, including government corporations and proposals for the establishment of a new standardized position classification and pay plan.

By June 1955 the contractor completed his survey, had trained a staff of Filipino job analysts, and had the plans ready for adoption and implementation including proposals for the establishment of a Wage and Position Classification Office in the Budget Commission, but the Congress failed to act on the proposed plans. As a result the contract was extended for one year, from January 1, 1956 to December 31, 1956, during which time the contractor continued to refine the plans and prepare for implementation. These plans were finally approved on November 7, 1957 and are in the process of implementation at this writing.

II. THE CIVIL SERVICE AND PERSONNEL MANAGEMENT IMPROVEMENT PROJECT

A. Overall Objective of the Project

The overall objective of this project is to provide technical assistance needed to aid and support Philippine Government efforts to increase the efficiency of government personnel practices, to improve the quality of government personnel, to restore the confidence of the public and of government employees in the civil service and thus strengthen and reinforce the merit system in the Philippines. It is our conviction that an improved public personnel system is an integral and fundamental element, necessary for maximum progress in the economic development of the country.

B. Problems the Project Seeks to Solve

The following are the principal problems which are preventing an early and dramatic improvement of the civil service system and which the project has been endeavoring to solve:

1. Organizational and relationship problems.

The Bureau of Civil Service organizationally is located in the Office of the President of the Philippines, is subordinate in that Office to

the Executive Secretary and its head, the Commissioner of Civil Service, holds the equivalent rank of Undersecretary. As such, he is subordinate in the government hierarchy to the Department Secretaries and other members of the President's Cabinet. The Commissioner of Civil Service looks upon himself as equivalent in rank to a Bureau Chief or an Undersecretary of a Department. Although this phenomenon should have little bearing in those cases in which the Commissioner has what may be termed "functional" authority, in practice, the concept of level or rank predominates.

During the American Administration and during the early days of the Commonwealth the Bureau of Civil Service was established as a separate division in Malacañang. A later reorganization placed the Bureau in the Office of the President and under the Executive Secretary. The effect, therefore, has been to subordinate the office and restrict its activities so that it does not enjoy the autonomy so necessary for a really vital merit system program. It is entirely likely that many of the present problems stem, in part, from these organizational and relationship problems.

2. Inadequacy of funds, staff, space, equipment and materials to operate effectively the BCS operations and to keep pace with the expanding responsibilities of the Bureau.

Unlike many merit system operations, the highly centralized Philippine civil service system embraces employment in all branches of government: National, provincial and local; government corporations; certain higher educational institutions; teachers and other employees in the public schools; and laborers, semi-skilled and skilled tradesmen and foremen. The President's Committee reported in 1955 that"the personnel complement of the Bureau increased from 180 to 205 its jurisdiction had increased from 100,000 employees to approximately 360,000." The Committee also reported: "Before the War the ratio of the Civil Service Bureau to the personnel of the entire government service was one for every 550 employees. At present the ratio is one for every 1750 employees." Budgetary allowances for equipment and materials and to provide space for an ever-expanding operation follow essentially the same percentage figures.

In consideration of the dramatic expansion of governmental services and activities in the post-war period which required an unparalleled increase in government employment without the commensurate increases in budgetary allowances for the civil service to operate makes it obvious that a first-line deterrent to improvement lies fundamentally in the inadequacy of the facilities and resources to get the job done.

3. Extreme centralization of operations, outmoded and involved methods and work processes serve to intensify problems and build backlogs.

Practices and methods in the preparation, administration, scoring and reporting of civil service examinations, for example, are needlessly involved and cumbersome as is the reporting and processing of appointments and other personnel transactions. Actually, very little change in procedures have taken place from pre-war methods in spite of a tripling of public

employment, tremendously expanded governmental operations and the accompanying increased work load.

4. Constant backlogs of work.

A normal and natural consequence of the inadequacy of appropriations with which to get the job done and faulty methods and processes has resulted in extraordinary backlogs of work in all divisions and the build-up of frustration and despair among the officials and staff of the Bureau.

5. The existence of conditions beyond the control of Bureau officials.

There are, however, conditions which exist in the Philippines which are beyond the control of Bureau officials. For example, the ever-increasing rate of population growth and the inability of the economy to absorb such growth in the form of new jobs has resulted in extensive unemployment (or underemployment). Under these conditions the government invariably becomes a desirable source of employment and the "charity" concept of government employment becomes more firmly established. The obvious result is an overwhelming wave of job-seekers which has had its effect in every activity of the civil service operation. Unmanageable numbers of candidates apply for examinations, for example, only for the purpose of acquiring an "eligibility" with which to seek a job or a promotion within the system.

6. The implementation of the new standardized position classification plan.

The implementation of new standardized position classification and pay plans to bring order and uniformity into the system has long been regarded as a fundamental requirement for an improved personnel system. The establishment of this new system, however, places upon the Civil Service Bureau and the civil service system numerous additional problems that must be resolved if there is to be a smooth introduction of these new plans. Immediate difficult problems related to eligibility, status, certification, civil service examinations, and the processing of appointments and other transactions will require early solution.

7. Extensive personalized handling of the business of the Bureau.

The preponderant pattern for handling requests for service, including appeals, and the processing of appointments and other transactions is one of almost extreme personalization. This practice, in turn, leads to confusion and lack of standardization and uniformity in policy and practice in the Bureau. Excessive and unnecessary time spent on individual cases leads to inaction or delays on important priority matters and is contributory to the building of backlogs of work.

III. MY ASSIGNMENT

The position of Employee Relations Advisor (Civil Service) for which I was recruited and to which I was appointed called for me to render administrative and technical advice to the Philippine Bureau of Civil Service and other government agencies regarding the formulation and implementation of varied personnel activities and procedures relating to equity, morale and work improvement normally associated with a program of employee relations or services and to train members of the BCS and of other departments in these activities. In light of the fact, however, that the former incumbent Personnel Advisor, Mr. Gordon Peterson, who normally would have served as team leader on the project had been redeployed to the United States for medical reasons a few months prior to my arrival, the urgent needs of the project demanded immediately that I subordinate those duties pertaining to employee relations activities and to concentrate as a "generalist" on the prosecution of a program to endeavor to resolve the obviously more fundamental problems facing the system. Thus, I worked on problems in all areas of the central personnel agency's operations. I served in this capacity, either as the single personnel advisor in PAD on the project or as acting team leader coordinating the work of three TA's for nearly a year for the period from December 1955 to November 1956 at which time Mr. H. Donald McInnis arrived and assumed these responsibilities.

My appraisal of the conditions as outlined in Section II B above, in my opinion, demonstrated clearly the urgent need for tackling more fundamental problems in the operation of the Philippine civil service. In consideration of the limited staff available to the project in the first year of my tour I regarded activities in the area of employee relations improvement as a refinement the system was simply not ready for, without first resolving some of the legal, organizational, procedural, technical and logistical problems of the system and I proceeded to work from that frame of reference.

After performing generalist personnel advisor duties for more than a year, shortly after the arrival of the team leader, Mr. McInnis, and the new Chief of the Division, Mr. Fred G. Crawford, in accordance with reassignment of duties upon the team becoming fully staffed a new job specification was prepared for my position outlining more generalist duties than previously and the position was retitled Public Administration Advisor (Personnel).

The scope of duties and the assignment given me in this capacity were: To render administrative and technical assistance and advice to members of the Philippine Bureau of Civil Service and other appropriate administrative officials of government departments, bureaus and agencies in the formulation and implementation of elements of personnel management programs in the central civil service agency and in line organizations, such assignment to include:

1. Administrative and technical assistance and advice regarding:

a. The expansion and strengthening of personnel administration in the line departments and agencies; the evaluation of the organization,

staffing, functions, scope, facilities, and procedures involved in personnel management activities in line agencies; the development of long-range plans for improvement of agency personnel programs and for the delegation of certain personnel functions to line agencies.

b. The drafting of revised civil service laws, rules, and regulations to provide the structure, principle, standards, and policy for the administration of the public personnel system based on merit in the Philippines.

c. The study and continuous evaluation of the organization, methods, forms and procedures in the handling of personnel transactions and in other operations of the central personnel agency in order to bring about efficiency and improved administrative practices; assist in the implementation phase of recommended improvements.

d. The development, preparation and maintenance of policy and procedures manuals designed to advise and instruct officials and employees both within the Civil Service Bureau and in other government agencies; assist in the development and production of factual pamphlets, brochures, employee newsletters and other informational materials concerning and in support of the Philippine Civil Service system.

e. The expansion, extension and refinement of the government's employee relations and/or employee services program; assist in the formation of employee organizations and to guide such organizations in activities in support of the merit system.

f. The decentralization of certain personnel management and civil service functions from the central agency to the field and the extension of autonomy in handling certain personnel activities to local governments wherever possible.

g. The determination of the scope, role and responsibility of BCS government-wide training activities in relation to other government agencies involved in training and to facilitate extension of training in government agencies.

2. The training of key officials in the BCS in the areas of personnel management outlined above and assisting in the training of line agency personnel officers and staffs in the procedures, principles and techniques of modern public personnel management.

IV. ACCOMPLISHMENTS IN THE PROJECT

During my tour of duty and in accordance with my assignment I was engaged in a number of activities in the project which led to certain accomplishments which achieved the following: (A) Activities and accomplishments in which I had the opportunity to make a more or less major contribution; and, (B) Activities and accomplishments of the project achieved in cooperation with other project and USOM advisors.

A. Accomplishments in the Project - Major Personal Contributions

During my tour of duty in the project I regard the following accomplishments to have been achieved in which I had the opportunity to make a more or less major contribution:

1. The completion of a comprehensive survey of personnel practices in 100 line agencies of the National Government and the preparation of a summary report in order to obtain a measure of existing conditions and to develop plans and programs for the improvement and strengthening of agency personnel operations.

2. The development and the handling of a practical eight-week training course in modern public personnel management to five groups of personnel officers or other officials engaged in personnel work in line agencies of the National Government.

3. Improvements in the organization and certain procedures in the Bureau including:

a. The development of the Personnel Services Division (PSD), responsible for: assistance in the selection of agency personnel officers and in the development and operation of agency personnel operations; development of programs and standards, field audit and inspectional activities; the coordination of in-service training in the government; the preparation and distribution of informational and educational materials and policy and procedural manuals.

b. Continuation of attempts to improve the handling of appointments and the processing of other transactions, including record keeping processes in the Personnel Transactions Division (PTD) of the Bureau. Specific accomplishments include:

(1) Assistance in the comprehensive study and the preparation of a report by the Management Service of the Budget Commission of the organization and procedures of the division. The report included specific proposals for the improvement, through organizational and procedural modifications, both within and outside the bureau of the processing of appointments and other transactions. Certain modifications have already been instituted.

(2) The establishment on KARDEX visual record-keeping equipment of individual employee service record cards incorporating titles prescribed in the new standardized position classification plan.

(3) An up-to-date "inventory" and a system for maintaining currently a record of "temporary" or provisional appointees for reporting and examination planning and programming purposes.

(4) Identification of the need for improved records management in the bureau and the initiation of an action program to facilitate such improvement.

4. Assistance in the establishment, publication and commercial printing of the Civil Service Reporter, the organ of the BCS and an informational medium for the communication throughout the government of civil service principles, plans and programs.

5. The establishment of a comprehensive program for the preparation, printing, and distribution of a series of informational and educational materials by the PSD concerning the civil service system in an endeavor to develop understanding and support from employees, officials and the general public for an improved and strengthened merit system. A number of these materials have been produced already and distributed in small quantities; others are in process.

6. The establishment of a plan for intensive technical assistance on a demonstration basis to selected line agencies in the development and refinement of their personnel management programs.

7. Trained or otherwise exposed to training numerous bureau officials with whom I have been associated during this period. An informal and subtle process of working closely with these officials in the study, review, and search for solution of the problems confronting the system, I believe, resulted in the development of techniques of problem-solving, supervision, planning, programming, direction, and follow-up by these officials, all of which has contributed to a gradual improvement of the management process in the bureau. I assisted also in the selection of participants for training abroad under the project and prepared or recommended pertinent training programs for these officials.

B. Accomplishments in the Project - Contributions in Cooperation with Fellow TA's.

1. The preparation of a substitute comprehensive Civil Service Bill, modifying a bill submitted earlier by the Government Survey and Reorganization Commission; the later preparation also of a subsequent revised comprehensive and improved Civil Service Bill modified in accordance with modern personnel practices for submission to the Congress in the 1957 and 1958 sessions.

2. In cooperation with USOM TA's and officials from the Office of the Presidential Assistant for Community Development (PACD) the development for demonstration purposes of an objective-type examination for community development workers utilizing time-and-process saving IBM materials and machine scoring. The result: an examination for over 5,000 candidates was administered, scored and results reported within 20 days from the date of the examination.

3. The compilation of all Civil Service Laws, Rules, Regulations, Executive Orders, Administrative Orders, memoranda and circulars in one volume for the first time since liberation.

4. The compilation of all leave laws and the initiation of an orientation and training program for leave clerks in line agencies of the

government to acquaint them with policies and practices in the computation and handling of leave in the government service.

5. In cooperation with project TA's and bureau officials I participated in a survey of personnel practices in local governments and the preparation of a summary report on this subject.

6. From the nucleus of the graduates of the first class in this course the development and organization of the Philippine Association of Public Personnel Officers (PAPPO). Subsequently, additional graduates and the need to expand opportunities of membership led to the organization and development in 1957 of the Personnel Officers Association of the Philippines (POAP).

7. A study of the effects of the proposed standardized position classification and compensation plans upon bureau operations, particularly in the processing of appointments and transactions and the development of plans, including regulations relating to status, eligibility and examination requirements with a view toward facilitating the initiation of these new plans, particularly as they affect bureau operations.

8. The development of an awareness and later the initiation of actual planning and programming of certain bureau activities. Fundamentally the preparation of the PPA each fiscal year and the prosecution of elements of the overall Civil Service Improvement Program did much to demonstrate the fundamental need for programs, plans and follow-up. Accordingly, annual and quarterly work plans for carrying out program objectives in an orderly, systematic basis were developed.

9. Participated in a study and development of proposals for the organization, mission and staffing requirements for regional offices the means by which it is anticipated that the bureau can regionalize and decentralize certain civil service activities.

10. Assisted in the selection of commodities purchased in the joint project for utilization by the system in its improvement activities.

V. ADDITIONAL RESPONSIBILITIES AND ACTIVITIES

A. Training of Eight Indonesian Trainees

In addition to the duties and activities outlined previously, upon direction by the Chief of the Division I directed and coordinated the training of eight Indonesian officials, who, as third-country participants were enrolled for a year's academic and practical training in public administration at the Institute of Public Administration of the University of the Philippines. Unfortunately, since these particular trainees lacked adequate language skills demanded for the college level academic training to which they were exposed, it became necessary to set up an intensified practical program incorporating on-the-job training with practical workshop sessions designed exclusively to answer the needs of these particular trainees. By

this means it was possible to salvage and even maximize the training efforts of this group.

B. Supplementary Professional Activities

Although I consider such activity an integral part of the professional Technical Advisors' responsibilities it perhaps should be reported that I served frequently as: lecturer or discussion leader in numerous in-service training courses both inside and outside the bureau; as a speaker, participant, or resource person in numerous personnel workshop sessions; as an advisor in countless committee meetings, including advisory membership on the Bureau's Technical Assistance Advisory Committee (TAAC). These are time-consuming, but productive techniques that can and do much to extend understanding, build rapport and develop support for the successful prosecution of project objectives.

VI. SUMMARY EVALUATION

The Report of the Bell Economic Survey Mission, I believe, stated succinctly and directly the condition of the Philippine civil service system and what must be done for its improvement. Even the Philippine Government Survey and Reorganization Commission stated in its report on government personnel:

> "In many ways the personnel problems of the National Government are the most significant of all its problems. The right personnel practices can do more to promote better government than any other single influence."

It is thoroughly doubtful that much real and lasting progress can be made in the industrialization and economic development of the country if the administrative machinery and particularly personnel management in the government itself is not provided appropriate attention and assistance. In the final analysis, it is the quality of the personnel, their honesty, integrity and productivity that will produce efficient government service. Economic development endeavors, as pointed out by the Bell Report, simply cannot operate in a vacuum. Too many governmental activities, and particularly the government corporations are either directly or indirectly involved in production or in planning, programming or regulating activities. These, collectively, have a profound effect upon economic development activities. Across the board, improved personnel management techniques in the form of better employee selection, placement, promotion, motivation, training and development can do more perhaps than any other single factor in the management process to improve the system.

The need for austerity in the administration of public and economic affairs, furthermore, demands that more attention be given to personnel management in the interest of realizing savings through efficiency in the utilization and management of personnel in the government service. In a situation where upwards of 65% of the annual operating budget is consumed in the payment of salaries and wages, indicates that improvement in personnel management can mean savings for the government.

TERMINAL REPORT

of

Charles W. Fredriksen
Public Administration Advisor (Personnel)
May 26, 1958

I. INTRODUCTION

This is a report of my participation in the Civil Service Improvement project, a joint endeavor of the Philippine government and the ICA, during the period from May 30, 1956 to May 30, 1958. It is a personal report, containing my impressions and perceptions, an account of activities in which I was directly involved, and my own evaluation of what was going on. A more objective account of project activities with which I have been associated will be included in the terminal report of Mr. H. Donald McInnis.

II. BACKGROUND

In its report dated January 1955, the Committee on Civil Service appointed by the President of the Philippines listed these deficiencies in the recruitment and examination activities of the Bureau of Civil Service (BCS):

1. There is no positive recruitment program able to supply government with adequate numbers of qualified persons.

2. The BCS is not organized, staffed, or geared to develop and conduct a sufficient number of civil service examinations.

3. Many BCS examinations are of the essay type requiring considerable time to rate.

4. The "grade" concept in examining is overemphasized, resulting in the appointment of unqualified persons.

The Committee's major recommendations were:

1. To develop an examination program that would be adequate to meet the needs of the government, and

2. To transfer functions unrelated to the primary mission of the BCS to other agencies.

In order to implement the first major recommendation, the Committee recommended the creation of a test development and research section in the BCS equipped to develop objective examinations geared to position classes established under the proposed new position classification plan.

Early efforts to implement these recommendations resulted in the establishment of a Test Development and Research (TD & R) Section in the Recruitment and Examining (R & E) Division. Commodities and technical assistance were provided through an NEC-ICA project agreement for FY 1955 and FY 1956. Among the commodities provided were:

1. Rental of an IBM test scoring machine for one year

2. Remodeling and air-conditioning of a test scoring room

3. 30,000 special IBM pencils required for machine scoring

4. A cabinet for housing test item cards, and

5. Storage cabinets for examination papers

Two technical assistants advised the BCS on recruitment and examination activities for brief periods during 1955 and early 1956. Gordon Peterson served as a general personnel consultant for about six months in 1955 until he became ill and returned to the U. S. Melvin Davidoff conducted a training course in testing techniques and advised on examination development for two months early in 1956. Another technical assistant, Gavin Lawson, had been advising the BCS on all phases of personnel administration since December 1955.

In order to further aid in the correction of deficiencies in the recruitment and examining activities of the BCS, the NEC-ICA project agreement for FY 1956 provided for the services of an employment advisor to the BCS. The duties of the position established for this purpose were described in an Airpar as follows:

Will advise Civil Service Bureau personnel regarding:

a. Establishment of examination requirements;

b. Methods of obtaining and screening qualified applicants for examination;

c. Application procedures;

d. Procedures for the conduct of the entire process of examining candidates, establishment of eligible lists, and certifying of eligibles for appointment;

e. Examination development, evaluation, and improvement;

f. Medical examination standards and procedures;

g. Organization, staffing, planning, and production control of work described above.

Train staff members of the BCS in the work enumerated above; have general supervision over psychometrist for the purpose of proper integration of his work within the total selection process.

This was the position which I occupied upon arrival in Manila on May 30, 1956.

III. THE SITUATION AS I FOUND IT

In order to become oriented to the BCS organization, functions, and personnel, I first talked individually with Commissioner Amado del Rosario and Deputy Commissioner Ruben Ledesma and all division chiefs of the BCS. Later I talked with the Assistant Chief and the heads of all Sections and Units in the Recruitment and Examining Division. In these talks I attempted also to obtain opinions concerning major problems facing the BCS. On the basis of information gained in these conversations plus that obtained from other ICA advisors and various reports on the BCS, the situation with respect to recruitment and examining in the Philippine government appeared like this at the beginning of FY 1957:

1. There was an ample number of qualified persons applying for government jobs despite a minimum of publicity being given to job openings.

Because of the limited number of employment opportunities in private enterprise and also because of security of tenure and other advantages of government employment, a clear-cut excess of applicants over job openings existed in 1956. Among these applicants there apparently were a sufficient number of well-qualified persons to meet personnel needs of the government. In order to avoid being overwhelmed with applicants, the BCS restricted the amount of publicity on civil service examinations as much as it dared without arousing public resentment. Government agencies generally attempted to keep the existence of job vacancies a secret so as to avoid a heavy influx of applicants and to reduce the amount of pressure from outsiders for appointment of their friends, relatives or constituents. There appeared to be little need for active recruitment so long as present employment conditions continued to exist.

It was noteworthy that most of the recruiting for job openings - little as it was - was being done by individual agencies. Although the BCS gave examinations and established registers of eligibles, agencies practically never requested the certification of candidates. Instead they recruited and appointed candidates on their own initiative and then requested the BCS to approve the appointments.

2. A large number of regular and permanent positions in the competitive service were occupied by employees without appropriate civil service eligibility.

An estimated fifty per cent of employees in the government were serving on a provisional or "temporary" basis because they had not passed an appropriate civil service examination or otherwise qualified for permanent

appointment. (No reliable statistics on the status of employees were available, but the Personnel Transactions Division of BCS had begun compiling such data.) The primary cause of this situation appeared to be the failure of the BCS to give enough civil service examinations and thus to produce a sufficient number of qualified eligibles to adequately meet personnel needs of the government. For example, only 35 civil service examinations had been given in the preceding year when there probably should have been three times as many. (Here again the lack of reliable data on the number of available eligibles made it difficult to adequately diagnose the situation.) Because of the tremendous increase in the number of competitors during the years following the Japanese occupation, so much time and personnel were required to process examinations that the BCS was unable to give them as frequently as it had done when the volume of competitors was relatively small. One or two years usually were required to finish processing and release examination results.

One of the principal reasons why the BCS was unable to cope with the large volume of competitors was the excessive amount of time and personnel required to score or rate examination papers by hand. The situation in June 1956 was unusually critical inasmuch as there was a backlog of over 100,000 unscored examination papers, most of them from public school teacher examinations which had been given about 6 months previously. Although about one-third of the examinations given during the preceding year contained short-answer type questions, not all of them had been prepared for machine scoring. In addition, essay questions also had been used in a number of examinations requiring considerable time to rate.

Another reason for not giving an adequate number of examinations seemed to be the excessively time-consuming procedures for processing applications and examination papers. A large backlog of unprocessed applications for examinations that had been given previously existed because the Application Section had been unable to keep up with the large volume of work and had admitted most applicants conditionally to examinations with only a cursory review.

Undoubtedly, the lack of adequate space and insufficient office equipment and machines also contributed to the long delays in releasing examination results. The stacking of examination papers and applications in any available open office space, including the floor, desks and chairs, obviously resulted in inefficient handling and processing.

Another principal reason for an insufficient number of examinations seemed to be ineffective planning and coordination of the examination program. Apparently, examinations were given only when pressures by agencies or officials became too great to resist regardless of personnel needs of the government as a whole. In fact, the BCS had no data on which to ascertain priorities and on which to develop an adequate examination program. Failure to carefully schedule the scoring and processing of examination papers also adversely affected production.

Finally, despite its inability to give a sufficient number of civil service examinations, the BCS devoted considerable time and effort to activities which appeared on the surface to be unnecessary. For example, a great

deal of time was spent in processing individual requests for conversion of examination ratings in order to obtain eligibility when this practice could have been stopped or at least done on a standardized basis. Also, the BCS often gave scholarship screening examinations for the Department of Foreign Affairs and other agencies rather than turn down these requests for the logical reason that it had its own job to do.

3. Many civil service eligibles apparently were not fully qualified for positions for which they had been granted eligibility.

The practice of granting eligibility on the basis of examinations which are unrelated or only slightly related to the positions concerned seemed to be the principal cause of unqualified or marginally qualified eligibles. The BCS apparently had resorted to this practice as a means of providing civil service eligibles when it became unable to produce them through appropriate examinations. In some instances, however, such granting of eligibility was doubtless done in response to pressures from individual candidates who had been promised permanent appointments by an agency if they could acquire civil service eligibility. A law declaring professional board examinations to be the equivalent of civil service examinations under certain conditions, which had been passed in June 1954, contributed greatly to the creation of unqualified and semi-qualified eligibles. Loose adherence to the civil service rules on certification of eligibles and the absence of standard qualification requirements made it possible for this practice to flourish.

Another probable reason for the existence of less-than-fully-qualified eligibles was that civil service examinations given by the BCS were not always valid, i.e., lacked predictive power. Little, if any, study and analysis of job duties was made prior to the development of most examinations. Often these examinations were based on text book material related to the occupation concerned. In addition, essay or free answer examinations, which were still used frequently, reduced the validity of examination scores because an adequate sampling of knowledge and ability was not possible. Although there were about five technicians who were capable of constructing usable objective or controlled answer test items, some agencies still insisted on essay type examinations.

IV. WHAT I DID ABOUT THE SITUATION

My efforts to assist the BCS in improving employment practices are reported in three phases. Although there are no clear-cut time periods corresponding to these phases, they can be roughly divided into (1) June - December 1956, (2) January - December 1957, (3) January - May 1958.

A. First Phase

During the first part of my tour, I was engaged largely in the following activities.

1. Organization and Staffing of Test Development and Research Section.

The development and use of objective or controlled-answer tests seemed to provide one of the most effective means of improving the quantity and quality of examinations given by the BCS. In order to develop such tests, of course, there was need for an adequately staffed test construction section. As mentioned earlier, a Test Development and Research Section had been organized during the previous year composed of five units, each dealing with assigned occupational fields. However, several key positions in the section had not been adequately staffed and there was no clerical personnel. The only direction being given was provided by the Chief Examiner, who devoted a small amount of time to supervising the unit heads. Only two unit head positions had been filled on a permanent basis and one was occupied by a person in an acting capacity. There were no employees in one unit, only one in another, and from three to seven in the remaining units.

Over a period of weeks I suggested alternative ways of providing adequate leadership for the section and urged the filling of existing position vacancies. Following these discussions, the acting heads of the two remaining units were designated and some transfers of personnel were made. Later, two additional persons were recruited and one was appointed as a permanent unit head. The most feasible alternative for providing effective leadership to the section seemed to be to strengthen the unit heads with the Chief Examiner continuing to provide general supervision inasmuch as there were no qualified candidates available for the section head position. However, because the unit heads were inexperienced supervisors and because the supervisor could not devote an adequate amount of time to the section, this arrangement never proved fully satisfactory.

2. Examination Scheduling.

Although there were inadequate data upon which to base a sound examination program, it seemed desirable to set up at least a conservative schedule of examinations. For one thing, there was a backlog of requests from agencies for examinations which had developed over a period of years that needed attention. Also, it seemed advisable to provide a challenge to some of the newly-recruited test technicians who in June 1956 were beginning to channel their energies into other activities because they were not fully occupied. I suggested a three-month schedule to the Chief Examiner based on recommendations of unit heads of the TD & R Section. He accepted this suggestion and a schedule for July, August, and September was prepared. Later, a schedule for October, November, and December was set up.

3. Build-up of Test Material.

Objective test material possessed by the BCS which could be adapted for examinations was woefully inadequate and I immediately recommended sending to the U. S. for such material. Upon my urging, the BCS renewed its membership in the then Civil Service Assembly and thereby was able to obtain needed test material on a loan basis. I also followed up on a request for test material from the U. S. Civil Service Commission made previously by Mr. Davidoff with the result that a large supply of

tests was made available to the BCS. I also obtained some tests from TVA and other sources. Preliminary discussions were held on the possibility of establishing a test item file.

4. Development of Job Analysis Procedure.

In order to increase the validity of civil service examinations, I suggested the development of a standard procedure for analyzing job duties prior to the preparation of examinations. In response to this suggestion, the Chief Examiner appointed a committee composed of unit heads in the TD & R Section to develop such a procedure and asked me to serve as its consultant. One of the unit heads who showed evidence of some potentiality for the section head position was named chairman of the committee and I structured my role so that he would have ample opportunity to exercise leadership. I soon discovered that job analysis was something new to all members of the committee and therefore utilized my position to orient and train the members in the concepts and techniques of job analysis. I also learned that members of the group were unaccustomed to serving on committees, especially working committees, and as a result several were hesitant about talking and making contributions. This, together with the inexperience of the chairman, resulted in much slower progress than I expected. However, I felt strongly that the chairman and the members should gain experience in doing committee work on their own and for this reason I continued to be non-directive. In addition, time was required to explain and clarify various ideas, which further slowed down the pace of the work.

5. General Clerical Examination

No "grade" examination had been given for several years and the Commissioner of Civil Service had received many requests to hold a second grade examination, most of them originating in the provinces and cities. The Commissioner had been urging the Chief Examiner to hold such an examination, but he had resisted doing so for two reasons: (1) He didn't want to hold another "grade" examination; and (2) He was uncertain how to conduct a large-scale "popular" examination successfully with the limited resources of the BCS. He discussed the problem with me and several technicians and as a result decided to hold a general examination for clerical positions on staggered dates in four regions of the country. The division into regions was done in such a way that the number of competitors in any region would not be greater than the number of special IBM pencils available, which must be used to make the examination machine-scorable. When a draft of the examination announcement was sent to the Commissioner for his approval, he asked that questions on logic, philosophy, Philippine history, and similar subjects be included, which in effect would make it a "grade" examination. In fact, he at first wished to call it a second grade examination. Later the Commissioner accepted the original plan for the examination. They were successful in doing so with some minor exceptions and the examination for the first region was scheduled for September 1956. The plan was to prepare four equivalent forms of the examination to be given at monthly intervals in each of the four regions with the scoring being completed in one region before the examination was held in the next one. This plan was followed except that additional examination places were established in the first and second regions.

As a consequence, an insufficient number of special IBM pencils were available and thousands of papers could not be scored by machine. The Chief Examiner strongly opposed the admission of competitors in excess of the quotas set, but was overruled by the Commissioner. In addition to advising on planning of the examinations, I served as consultant to the technicians who prepared the objective-type test items of which the examination was composed.

Approximately 137,000 persons took the examination in the four regions during the period from September through December 1956. Because of the shortage of special IBM pencils and because of poor instruction to competitors, thousands of answer sheets could not be scored by machine. In addition, for various reasons, the scoring of papers by machine proceeded at an extremely slow pace. As a result, results for only a part of the first region had been released by May 1958, nearly two years later.

During this period, I also advised technicians on development of test material for other examinations until the arrival of Mr. B. Thomas Walsh, another U. S. Technical Advisor, in late September.

6. Grouping of Position Classes for Examination Purposes.

When I first arrived in Manila, a new position classification and wage plan for the National Government had been approved by the Congress and was awaiting implementation. However, no systematic efforts had been made to gear BCS examinations to the proposed classification plan. The TD & R Section had one copy of the Class Specification Manual which reposed unused on one of the technicians' desks. Except for a few technicians who had worked on the classification survey, hardly anyone in the Recruitment and Examining Division understood the classification plan.

I approached the task of interesting the Chief Examiner and the TD & R Section in gearing BCS examinations to the classification plan by calling attention to the 2700 or more position classes established by WAPCO and asking whether or not the BCS would be able to examine for each class separately. Discussions of this question eventually resulted in an agreement to combine classes into groups in an attempt to reduce the examining workload to manageable proportions. One of the technicians was designated coordinator of the grouping project. The next step was to meet with WAPCO officials to get their concurrence and assistance. The initial reaction of the WAPCO director was that he could not spare personnel to assist in the project. Later, one member of the WAPCO standards staff was assigned to work full time, if necessary, with the BCS and the assistance of others was promised if needed.

The BCS coordinator and the WAPCO assignee began to plan the project in September 1956 with my advice and assistance and by November plans were developed and approved. In addition, a major task of the project, the tentative division of the WAPCO classes into competitive and non-competitive services, and division of the competitive service into 15 occupational series, was completed. Thereafter, at least one technician from

each TD & R unit was assigned to participate in the project by studying class specifications and grouping classes with essentially the same qualification requirements.

7. Study of Application Processing.

Over a period of a month or two I had numerous informal chats with the head of the Application Section. During this period, I learned firsthand some of the difficulties faced by the Application Section because of its lack of staff, space, and equipment. The head of the Application Section attributed his difficulties largely to these inadequacies, but he was willing to consider changes in procedures for receiving and processing applications. In November 1956, a study of application procedures began in which the head of the Application Section, his principal assistant, Mr. Walsh and I participated. Our first task was to write down the steps taken in processing applications starting with the receipt of applications and ending with their final disposition. We also examined each item on the application form to ascertain its reason for being included in the form. These analyses indicated that many of the procedural steps were out-moded and inefficient and that improvements in the substance and format of the application form were needed. At this juncture, we split up into two teams, the Application Section head and I to work on revision of the procedure and the assistant head and Mr. Walsh on revision of the form.

8. The Technical Assistance Advisory Committee (TAAC).

In response to the request of Technical Advisor Gavin Lawson to utilize the talents of returned ICA participants, the Commissioner announced the establishment of a committee to advise him on the technical problems of the BCS. A meeting was held early in June 1956 with Mr. Lawson and I serving as consultants during which we helped to organize the TAAC. Members included BCS employees who had completed graduate work in public administration as well as returned participants. Meetings of the TAAC were held rather frequently for several months during which time government-wide problems as well as BCS internal administrative problems were discussed and recommendations submitted to the Commissioner. One of these recommendations was to eliminate the practice of converting examination between 60 and 70 (failing) to 70 or above (passing), for lower level positions.

9. Preparation of the PPA for FY 1957.

In August 1956, Mr. Lawson and I undertook to guide and assist the BCS in preparing a Project Proposal and Agreement (PPA) for FY 1957. Inasmuch as the Commissioner of Civil Service had just been designated director of the Civil Service Improvement Project and Mr. Lawson and I were new TA's, it was a first experience for all concerned. After we had discussed objectives with the Commissioner and his Deputy, the Commissioner assigned the deputy and two division chiefs to work with us in preparing the PPA. After discussing objectives further, at the request of this group, Mr. Lawson and I prepared a first draft of the PPA, each writing half of the total number of sections. This draft was then revised by the ad hoc committee. This activity provided the opportunity for us to work together in defining work goals and to identify

commodity and other assistance needed in order to improve recruitment and examining practices. Among other items, funds were requested for rental of another IBM test scoring machine, for more IBM special pencils, and for equipment to expedite examination booklet preparation. In addition, peso funds were requested for the employment of emergency clerks to help reduce the huge backlog of unscored teacher examination papers. We felt it was necessary to eliminate this backlog before any substantial improvements could be made inasmuch as practically all of the clerical staff and about half of the technical staff of the R & E Division were tied up in the scoring of these papers.

B. Second Phase

By December 1956, all four ICA advisors for the Civil Service Improvement Project were on board and Mr. H. Donald McInnis, the project leader, suggested identifying sub-projects for CY 1957, assigning responsibility for carrying them out, and setting deadlines for completing them. I was assigned primary responsibility for the following projects:

(1) Assist in the development of an improved recruitment system.

(2) Guide the BCS in a complete renovation of the examination system, including:

(a) Gearing the examination program to the new classification plan.

(b) Revising civil service rules on recruitment, examination, and selection.

(c) Developing standard operating procedures for all phases of the examining process.

(d) Planning and implementing a program to reduce the number of non-eligible employees.

(3) Review and report on the status of personnel administration in the provincial and other local governments.

(4) Try to make decentralization possible by provisions in the new Civil Service Law.

(5) Study desirability of removing from the BCS peripheral or unrelated responsibilities.

(6) Consider advisability of a regional personnel conference for Southeast Asians in 1958.

During the next 12 months I worked on the following projects:

1. Civil Service Bill.

The sub-project to which we gave top priority was guiding the BCS in preparation of a proposed Civil Service Bill. A bill had been prepared initially by the President's Committee on Civil Service and submitted with some revisions to the Congress in 1955 by the Government Survey and Reorganization Commission. This bill was not considered satisfactory by congressional civil service committees and the BCS was asked to revise it extensively. Although the revised bill was submitted to the Congress later, no action was taken on it. The BCS intended to submit the same bill to the next session of the Congress, but decided to review and, if necessary, make revisions before doing so. Comments were requested from our ICA advisory group. After reviewing the bill, we decided to propose the development of a completely new bill which would be more comprehensive in coverage and which, for the most part, would contain general policies and standards. I prepared an outline of proposed contents with some suggestive language which, after review and comments by the other three ICA advisors, was put into final form. I later presented this outline to the Assistant Chief, Legal Services Division, BCS, who had been designated chairman of a BCS committee formed to review the previous Civil Service Bill. He presented our proposal to this committee with a strong recommendation that a new bill be drafted using our outline as a guide. The committee accepted the recommendation and after numerous meetings over a period of two months, in which all four ICA advisors served as consultants, a new bill was drafted by BCS personnel. This bill was sent to the Congress in April 1957, but reached there too late to be acted upon. Early in 1958, the same bill was introduced in both houses of the Congress, but it had not been passed at the time this report was prepared.

2. Survey of Personnel Administration in Local Governments.

Our ICA advisory group believed that one of the principal approaches to improving the effectiveness of personnel administration in the Philippines would be to delegate personnel management authority and functions to provincial and other local governments. Mr. Fred G. Crawford, the new Chief of PAD, was very favorably inclined toward this approach and urged us to look into its possibilities. Consequently, we decided to recommend a survey of local government personnel administration to be conducted jointly by BCS officials and ICA advisors. I presented the proposal to the Deputy Commissioner, stressing its value for finding out what local government reaction to BCS regional offices might be. (At this time the BCS was very interested in establishing branch offices in several regions.) He obtained the approval of the Commissioner and we proceeded to plan field trips to a sample of provincial and chartered city governments representing major geographical areas of the country. I prepared a list of questions which, after review and revision by our ICA group and BCS officials, served as a guide for conferences and interviews with local officials. A total of 16 provincial governments and 10

city governments were visited during six field trips made by BCS-ICA joint teams. (Of the six trips, I participated in four.) On the basis of trip reports, I drafted an overall report of survey findings which, when reviewed by BCS and ICA participants, was revised and submitted to the Civil Service Commissioner with the recommendation that it be distributed to all local governments and others. As of the present time, the distribution has not been made.

One of the significant indirect values of this survey was that high-level BCS officials had opportunities to meet face-to-face with local officials to discuss personnel management problems. It was evident to me that, as a result of these meetings, the attitudes and behavior of the participating BCS officials were changed for the better. In addition, survey findings supported the desire of BCS to set up regional offices and provided encouragement for further efforts to regionalize. It was the intention of the BCS to use the survey report as a supporting document while requesting funds for regional offices from the Budget Commission and the Congressional Appropriations Committees.

3. Processing Senior Teacher Examination Papers.

The huge backlog of unscored Senior Teacher examination papers was recognized by the Commissioner, the Chief Examiner, and everyone else concerned as a major obstacle to the improvement of BCS examining activities. The scoring of Senior Teacher papers had been started after the bulk of the Junior Teacher examination papers were scored and, in addition, the scoring was complicated by numerous optional subjects and by the variety of types of test items used. Hence, after a year had passed since the date of the examinations and no results had been released, complaints about the delay increased rapidly. In May 1957, counterpart funds were approved for emergency scoring clerks and over a period of several weeks a force of 25 was recruited. Prior to the scheduled termination date for emergency clerks, the Commissioner requested the Chief of the Personnel Services Division, who also serves as the Commissioner's principal trouble shooter, to try to expedite the release of Senior Teacher examination results. About the same time, the Chief Examiner was assigned temporarily as Secretary of the Board of Examiners to replace the acting head. He asked me to accompany him to the NEC to request extension of the period of employment of the emergency clerks. He, his assistant and I met with the Chief of the NEC Office of Foreign Aid Coordination Branch and made strong representations for continued employment of the emergency clerks. Approval of the request was indicated and subsequently extension of the period of employment for six months longer was authorized.

He had also asked my help in speeding up the scoring and processing of Senior Teacher examination papers by making a thorough analysis of the scoring and processing of Senior Teacher papers. The head of the GES Section, other supervisors in the section, and Mr. Walsh also participated in this study. Our first task in the study was to write down the steps taken from the time examination papers were received by the GES Section until examination results were released and papers were placed in storage. We then analyzed each step carefully from the point of view of its usefulness and eliminated or combined steps where possible. As a result of our study, a revised

procedure was developed which reduced the number of steps from 27 to 20 and substantially reduced the amount of work required to perform many of the steps. According to the supervisors concerned, the scoring and processing of Senior Teacher papers was substantially speeded up as a result of implementation of the revised procedure.

4. Continued Activities.

During 1957, I continued to advise and assist R & E Division on: (1) The tentative grouping of position classes for examining purposes; (2) The preparation of a job analysis procedure; and, (3) The development of a revised application processing procedure. The first two of these projects were completed during the third quarter of the year.

During the first four or five months in 1957, about six TD & R Section technicians continued to work on the grouping project although none spent full time on it because of other assignments. When grouping of all classes within an occupational series was completed, the work was reviewed by WAPCO analysts who were specialists in the occupations concerned. Comments made by WAPCO were considered before the tentative grouping was completed.

As a result of this project, about 2000 classes were included in the competitive services for which examinations were required. Of these, about 1400 classes were combined into 600 groups after careful study of class specifications. The remaining were left as individual classes either because positions could be filled by persons who had passed professional board examinations or because class specifications were not available and they could not be grouped.

Practically all of the TD & R technicians participated to some extent in this project and by doing so became familiar with the new classification plan. Those who participated more intensely also became familiar with the duties of classes for which they would later be expected to develop examinations. In addition, rapport between the WAPCO and the BCS seemed to have improved and possibilities of future cooperation between the two agencies seemed brighter. Finally, a beginning had been made in gearing the BCS examining program to the new classification plan and in reducing it to more manageable proportions.

Over a period of several months, the job analysis committee met weekly and eventually agreement was reached on the substance of a working procedure. Further delays occurred thereafter in drafting a written procedure, primarily because it was necessary to go outside the committee in order to find someone who could prepare an acceptable draft. After having been reviewed and concurred in by all members of the TD & R Section, the final draft of the procedure and a job worksheet form were submitted to and approved by the Chief Examiner in September 1957. Use of the job analysis procedure was later extended to cover making analyses in connection with the development of qualification standards.

Work continued in 1957 on the development of a revised procedure for processing applications. Drafts of a procedure covering a part of the processing and a new application form were developed with a technician from the TD & R

Section. In addition, estimates of personnel, space and equipment were prepared and were later used in preparing the PPA for FY 1958.

In addition to advising personnel on these projects, I served as an instructor in four personnel management training courses conducted by the BCS for participants from other government agencies and later as a resource person for the first Personnel Officers' Conference to be held in the Philippines. During this year, I also continued to serve as a consultant to the TAAC and in addition assisted other ICA advisors in carrying out their assigned projects.

C. Reactions After Second Phase.

At the end of 1957, my reactions to the situation were as follows:

1. The probability that major changes could be made in BCS recruitment and examination practices in the immediate future should be abandoned. I concluded that a realistic objective would be to help personnel of the BCS prepare themselves so that they would be ready to implement major changes at a later date. This preparation would include the development of standards and procedures and the establishment of an adequate organizational structure There was growing evidence that "key" persons in the BCS from the division chiefs down to rank and file employees were capable of making this objective attainable and that giving advice and assistance to these persons was therefore worthwhile.

2. Frontal attacks on the problem of substitution and converting examination ratings and the persistence of the "grade" concept of examinations were completely ineffective and during the year it seemed to me that another approach must be devised. One approach that appeared promising was the establishment of qualification standards. Qualification standards would help the examination program by providing more carefully developed examination admission requirements and by the establishment of promotion standards.

3. It had also become apparent during the year that something must be done to reduce the workload caused by teacher examinations. Although twenty-five emergency clerks had been employed for nine months to supplement most of the regular personnel of the GES Section in scoring the Senior Teacher examination papers, results of this examination were not expected to be released until June 1958. In addition to delays in releasing teacher examination results, the fact that most personnel of the GES Section were involved meant that other examinations could not be worked on early enough to prevent delays in releasing results for them. There seemed to be little possibility that a reasonably heavy examining schedule for other classes could be undertaken so long as the BCS administered teacher examinations.

D. Third Phase

During the last phase of my tour, I was concerned primarily with the following projects:

1. Teacher Selection Committee.

Over a period of roughly 6 months, I discussed the problems caused by teacher examinations with the Chief Examiner and suggested a study of teacher selection practices. He agreed that a study would be worthwhile and proposed a joint project with the Bureau of Public Schools (BPS), but said he wanted to postpone any action until the results of the Senior Teacher examination were released for Manila. In late December 1957, after both he and I had discussed the project with the Commissioner, the Commissioner signed a memorandum to the Director of Public Schools proposing a joint study. The Director responded shortly afterwards by naming two representatives to a study committee and a first meeting was held in January 1958. The BPS members at this meeting proposed that the Commissioner of Civil Service delegate responsibility for teacher examinations and selection to the BPS. The BCS members were in favor of this proposal, with some reservations. I suggested that the problem and alternative solutions be studied more thoroughly on the basis of more adequate data. Then, if this proposal or an alternative proposal seemed to be the best one, a strong case should be developed and supported. As a beginning, the BPS members were asked to supply current data on the number of non-eligible teachers, the estimated number of new teachers needed annually, and the numbers of available teacher eligibles on registers. These data are being collected now by the BPS. Recently, the joint committee has reviewed a bill drafted by the office of the Secretary of Education which transfers responsibility for teacher examinations to a teacher certification board controlled by the Secretary of Education. This bill, if enacted into law would solve BCS's problems, but unfortunately, it has very little, if any, chance of being acted upon this session of the Congress. Although the joint committee has not made much progress so far, I believe something will be accomplished eventually.

2. Qualification Standards.

After several discussions with the Chief Examiner on the need for qualification standards, he designated a member of his staff to initiate a project for the development of standards. Prior to this decision, the Chief Examiner and I had an opportunity to talk with the top officials of the WAPCO, who commented favorably on the development of qualification standards by the BCS. As a first step, the workload of each TD & R Unit involved in developing standards and giving examinations for groups under its jurisdiction was estimated. Transfers of personnel were recommended in order to strengthen some of the units and to adjust their personnel complements in proportion to estimated workloads. Several meetings were held to discuss and plan the project in order to decide on the content and format of the standards, their purposes, and the procedure to be followed in developing them. As a result of these meetings, plans were developed and the preparation of group qualification standards began. The procedure for developing standards involves the analysis of position classes, using the standard job analysis procedure developed by the TD & R staff. This analysis, which usually requires visits to agencies, provided information not only for the content of the standard but also for verifying the tentative grouping of classes. As of the present time, about 7 technicians are working on standards and are making good progress. Guidance is provided through the medium of conferences to review drafts of standards. A proposed standards

manual is being prepared to be used as a basis for discussion with other BCS and WAPCO officials. When approved, this manual will be distributed to agency personnel officers for their use in employee selection and promotion. It will be used also by the Personnel Transactions Division for approving or disapproving appointments and promotions and by the TD & R Section in preparing examinations.

3. Programming Examinations.

Planning an examination schedule for each six month or annual period seemed to be essential in order to reduce the large number of non-eligible employees. If priorities could be determined primarily on the basis of data regarding eligibles and non-eligibles, maximum value of examinations for wiping out "temporary" appointees could be realized. Accordingly, I suggested the compilation of statistics on the number of eligibles by class of positions. Although data had been collected previously by the PT Division they were no longer useful because they were: (1) Out of date; (2) Were by agency rather than by class; and, (3) Were based on pre-WAPCO class titles. Fortunately, the PT Division was engaged in setting up a new system for maintaining personnel service cards. As these cards were arranged first by agencies, then by classes of positions, it was possible to obtain the data needed from them quite easily. This was done by TD & R Section and a card file containing data on the number of eligibles and non-eligibles by class of positions was set up. Although for various reasons data from these cards were incomplete, they made it possible to estimate the number and proportion of non-eligibles for groups of positions. Using these estimates, a priority list of groups was prepared for which examinations were needed and furnished to all TD & R unit heads.

4. Other Projects.

a. Recruitment - No project was started, but improvement of recruiting was given some attention in other projects, especially application processing and examination announcement procedures.

b. Civil Service Rules - Work was postponed until the new Civil Service Bill passed the Congress.

c. Standard Operating Procedures - Procedures for preparing examination announcements and determination of civil service ratings were prepared with Mr. Walsh serving as advisor in addition to the two procedures, application processing and job analysis, previously mentioned.

d. Transfer of peripheral or unrelated responsibilities - Only the transfer or delegation of teacher selection was given attention. Transfer of responsibility for scholarship examinations was considered, but it was decided to postpone action until a later date.

e. Regional Personnel Conference for Southeast Asians - Because of the Public Administration Regional Conference to be held in Manila in June 1958, nothing was started on this item.

V. THE SITUATION WHEN I LEFT AND FUTURE PROSPECTS

In terms of the three major conditions discussed in Part III of this report, the situation in May 1958, as I left the Philippines, seemed to be as follows:

1. There still is an ample supply of candidates for most government jobs and improvement of recruiting methods still does not appear to be urgently needed. What is needed are planned activities to gain the understanding and support of influential community groups and individuals for an improved merit system in the government. For unless the prestige of government employment can be maintained at a reasonably high level, well-qualified persons will not be interested in applying for government jobs, if other employment becomes available. Although this is not a serious problem now, it will become one when economic conditions improve.

2. There are still a large proportion of regular and permanent positions in the competitive service occupied by employees without appropriate civil service eligibility. However, the BCS has become substantially better equipped to deal with this problem than it was two years ago and forces have been set in motion which, if they are not dissipated, eventually will cause a substantial reduction in non-eligibles. For example:

a. The hand scoring of examinations and the use of essay-type questions in large scale examinations has been practically eliminated. In addition, the physical capacity of the BCS to examine large numbers of applicants will be practically doubled with the installation of a second IBM test scoring machine which is on order. Also, 20,000 additional special IBM pencils have already been delivered.

b. Sufficient data on the status of employees (whether eligible or non-eligible) by class of positions have been compiled to enable the BCS to program its examinations in terms of need. If such an examination program is carried out successfully, there should be made available a sufficient number of qualified candidates for most of the competitive service.

c. A revised procedure for processing applications which has been developed within the past two years, if it is followed, should eliminate the main causes of delay and make it possible to increase the volume of examinations.

In addition, with the release of results of the General Clerical and Senior Teacher examinations, there will be thousands of eligible candidates available for replacement of non-eligible employees who do not pass appropriate examinations. If replacements are made where needed, a substantial increase in positions occupied by eligibles should result.

One of the obstacles to conducting an adequate examining program is the diversion of time by the R & E Division to other duties. The BCS is still spending time and effort on functions which could be eliminated or transferred. A substantial amount of time is being spent, for example, on handling

requests for eligibility on the basis of an examination rating between 60 and 70. Such conversions could be discontinued entirely or, if continued, they could be granted automatically to all competitors concerned with a large saving of time and effort. Also, scholarship examinations are still being given as a service to other agencies while the administration of regular civil service examinations is neglected. One approach to reducing these unnecessary activities is to set up an examination schedule so rigid that there will be no time for non-essentials.

I cannot predict with confidence that the problem of a high proportion of non-eligibles will be solved within the next few years. If the examining workload is reduced to manageable proportions through the transfer or delegation of teacher selection and other means and if examinations are scheduled on a priority basis so that their effectiveness in reducing non-eligibles is maximized, there should be sufficient eligibles made available to fill most vacancies.

3. Some progress has been made in reducing the number of unqualified eligibles, but the problem is far from being solved at this time. Progress has been made in developing more valid BCS civil service examinations and thus producing better qualified eligibles. Careful analyses of jobs to be covered are being made prior to the preparation of examination material; examinations for National Government positions are being given for specified classes established by the new classification plan; most present examinations contain a better sampling of the competitor's abilities and knowledges than previous examinations which has been made possible by the use of objective type test items.

Substitutions and conversions are still being made frequently and the "grade" concept still persists. A slight degree of progress occurred when the Commissioner approved the inclusion in all examination announcements for classes covered by WAPCO of a statement that no equivalent eligibility will be granted for appointment to positions other than those for which the examination is given. So far as I know, this statement has been adhered to in recent examinations.

In general, I feel that real progress has been made in equipping the BCS to carry out an effective examining program. The Chief Examiner and key staff members of the R & E Division understand the kind of examining program needed and they are competent to carry out such a program if given the opportunity and the necessary support and assistance. If ICA advisory services were provided for two more years, the chances that they would be fully prepared to carry out such a program would be definitely improved. In addition, most of the major operating procedures in the examining area have been improved and I believe enough momentum has been built up to lead to the eventual improvement of the remaining procedures. Sufficient equipment also has been made available to facilitate and expedite examination processes.

TERMINAL REPORT

of

H. Donald McInnis
Public Administration Advisor (Personnel)
August, 1958

I. INTRODUCTION

In the long story of Philippine personnel management improvement, the years between 1950 and 1958 offer no special magic. Like the years before they tell a rambling tale of reform and retreat, effort or no effort, orderliness in the midst of confusion, and growing confidence modified by persistent frustration. Perhaps this is the inevitable yo-yo pattern of progress in the human relations sphere, in whatever clime and in whatever period.

Yet, these last eight years in the Philippines have been interesting in several respects, and in some respects unique. They begin with a national reappraisal and a statement of improvement needs. They witness a determined effort on the part of the Philippine Government to establish a sounder basis for public salary administration. They see the institutionalizing of concepts of personnel training and development, and the widespread conduct of formal programs of in-service training. And they contain the entire lifespan of the first Philippine-U. S. joint technical assistance project designed to improve public personnel administration in the Philippines.

The following pages are largely the story of the joint project, during the years 1954-58, with antecedents shown as desirable. For ease of reading the details are offered in summary form.

II. OBJECTIVES AND ACCOMPLISHMENTS

A. Objective 1 - Provide an Adequate Statutory and Regulatory Framework for the Effective Operation of the Civil Service System.

The need for an updated Civil Service Law has been recognized in many quarters since 1950. While broadly satisfactory in terms of stated principles, distribution of powers, and procedural requirements, the old law has many important gaps and has been cluttered by a number of "special" legislative provisions of recent years.

First concrete effort to improve the law was taken when the President's Committee on Civil Service proposed a comprehensive revision in January 1955. Following this, the Government Survey and Reorganization Commission offered a still better bill; and this was followed by several other Congressional versions. Culmination of effort in this line came in 1957 when a

special ad hoc committee appointed by the Commissioner of Civil Service and including ICA consultants drafted a proposed new law, which was presented to Congress. The bill failed to receive favorable Committee attention in the 1957 session, but was carefully considered in 1958 and, with minor changes, was reported out favorably by both House and Senate civil service committees. Prospects are excellent for passage in 1959.

Meanwhile, plans for a complete revamp of the body of civil service rules and regulations have been set back by the delay in action on the Civil Service Bill. However, a subject-matter outline for a new National Manual of Personnel Policy and Procedure has been developed by the Bureau of Civil Service, and the introductory instructional chapter has been prepared and approved. The desirability of awaiting passage of the new Law before concentrating on the major regulatory phase has been carefully considered. With passage of the Civil Service Bill in 1959, it is expected that work on the Manual could proceed rapidly. By July 1960 the Philippine Government should have, for the first time, a highly useful policy and procedural guide for the conduct of personnel administration.

B. Objective 2 - Accomplish Essential Organizational Changes in the Civil Service System.

Beginning with the formal establishment of the joint NEC-ICA project on Civil Service Improvement, and especially with the arrival of ICA consultant Gordon Peterson in late 1954, increasing attention has been given to the structural problems of personnel management in the Philippine Government. During 1957 and 1958 this attention became focused on four main areas: (a) the establishment of regional offices of the Civil Service Bureau; (b) the gradual delegation to line agencies of increased authority to act in personnel matters; (c) the creation of an Inter-Agency Council of Personnel Officers; and (d) the conversion of the central personnel agency's role to one of policy and standards setting, technical reference and inspection, and general professional leadership.

The tradition of centralism has proven difficult to overcome. However, two important advances have been registered. First, the concept of regionalization has been firmly established, detailed plans for the creation of three pilot regional offices have been worked out, and, but for budgetary difficulties, one or two such offices would have come into being in 1958. Second, a permanent unit of the Civil Service Bureau, the Personnel Services Division, has been organized and staffed to provide professional personnel management leadership on a government-wide scale. Both of these represent solid achievements.

The structural and procedural changes involved in delegation of authority and transfer of functions to line agencies have received less widespread favor. At least two major studies have pointed the way, however, and there seemed to be, by mid-1958, more acceptance of the principle of delegation and of the leadership role of the Civil Service Bureau.

The desirability of creating an Inter-Agency Council of Personnel Officers as a major medium of communication and technical development has

been widely recognized since 1957. The proposed new Civil Service Bill would establish such a body by law.

C. Objective 3 - Expand and Strengthen Personnel Management Staffs and Programs within the Government Departments.

From 1950 to 1956 personnel management improvement efforts tended to center in and around the central personnel agency, the Bureau of Civil Service. Since early 1957 increasing emphasis has been given to personnel management organization and operations in the line agencies of government. This has been an essential part of the planned program to decentralize personnel administration as far and as rapidly as possible, within the framework of existing law.

Executive Order No. 144 of December 19, 1955 set the stage by authorizing and directing the designation of Departmental Personnel Officers. Employees so designated have been trained by the Bureau of Civil Service in six successive groups totaling more than 120 technicians. Meanwhile, efforts have been stepped up to increase the staffing authorizations for personnel offices to permit higher quality technical work in the processes of selection, placement, promotion, pay, training, discipline, and incentive development.

The 1957-58 Survey of Departmental Personnel Practices, conducted by the Bureau of Civil Service, revealed numerous gaps in existing policies and programs. The survey report, an outstanding document, has pointed up the deficiencies and has indicated productive lines of endeavor for the immediate and more distant future. This report should serve as a satisfactory guideline for some time to come.

Again, the proposed new Civil Service Law would define more clearly the responsibilities of department and office heads for personnel management, and make possible an accelerated schedule of decentralization.

The extensive training of departmental training officers and assistants, conducted by the Institute of Public Administration since 1952, has further enhanced the corps of qualified personnel technicians in the agencies, the primary remaining problem being their effective integration into the personnel offices.

D. Objective 4 - Develop and Install an Effective System of Salary Standardization for the National Government of the Philippines.

Gross inequities in governmental salaries, coupled with generally low rates for the nature of work performed, argued strongly in the early fifties for some radical overhaul of the pay-fixing process. Finally, in June 1953, the Philippine Government contracted with Louis J. Kroeger and associates for the development of a job classification and salary plan. This undertaking became a joint FOA-Philcusa project, which lasted until February 1957. In the course of this period a survey of over 200,000 positions was completed and a classification and pay plan submitted to Congress and approved. Then, on November 7, 1957, President Garcia, by Executive Order, gave full implementation to the plans and the new job evaluation system became law.

This has been a major achievement. A new concept of pay administration has been introduced in the Philippines. The attention of the Government has been focussed on work, work units, and job requirements. And, most important, a basis has been provided for major personnel management reform throughout the Civil Service.

A number of serious problems face the new classification program, however. The Congress continues to exercise detailed control over employee titles and pay rates. Great misunderstanding concerning the objectives and procedures of the new system pervades the Civil Service. The administering agency, the WAPCO, is undermanned for quality work. The heavy cost of implementing the new salary schedule has forced a policy of gradual effectuation over a period of years, a far from satisfactory situation.

Remedial courses of action have been outlined and action initiated to make the system stronger. Noteworthy in this context are the launching of a government-wide educational program and the finalizing of a policy and procedure manual for issuance to the line departments. Similar improvement efforts may hopefully be expected in the next two to three years.

E. Objective 5 - Devise and Implement an Effective Examination and Qualification Rating Program.

With the adoption of the new Wage and Position Classification Plan on November 7, 1957 covering all positions in the National Government, it became possible for the first time to set up an examination program on a rational basis. Prior to this time, occupational testing could not realistically be undertaken because of the lack of job analysis. The new Classification Plan, however, constitutes upwards of 3000 classes (originally 2500) and it does not seem possible for that number of classes to be examined without considerable consolidation - especially considering the limited staff and funds allotted to the Bureau of Civil Service.

It has been possible since 1955 to increase test production and decrease handling time by the conversion of examinations to the multiple-choice type which can be scored electrically by an IBM machine. Similarly, this type of examination has permitted an improvement in the quality of examinations by sampling wider areas of candidates' knowledge as compared to the previously administered essay tests. Determinations of the number of temporaries and vacancies for each class have been made and will serve as an indicator in determining the priority of scheduling examinations.

A qualifications standards program has also been undertaken which, for the first time, will specify the necessary training and experience, and eligibility requirements for every class in the competitive and non-competitive service. Classes requiring similar knowledges, skills, and abilities may then be grouped to simplify examination needs. Heretofore, applicants were generally appointed to positions without the requirement of having any relevant experience or training.

Between January and July of 1957 eighteen technicians of the Examining Division of the Bureau of Civil Service were given intensive training in modern test development and validation techniques by a member of the ICA consulting team. This essential training has provided a solid basis for large-scale future civil service examining.

Extensive improvements have also taken place in the various standard operating procedures of the central personnel agency - notably with respect to the preparation of forms and manuals for announcements, application processing, test scoring, and conversion of examination ratings.

F. Objective 6 - Develop Public Support for the Merit System and Enhance Governmental Interest in and Acceptance of the Processes of Modern Personnel Administration.

Increasingly, since 1950, the Civil Service system of the Philippines has been on the defensive. At least part of the reason for this has been the lack of any substantial program of public enlightenment concerning the problems and processes of public personnel administration.

One of the key objectives of the joint NEC-ICA project has been the stimulation of informational activity on the part of the Central Personnel Agency and the Central Wage-Fixing Agency. Accordingly, the Bureau of Civil Service developed in 1957 a detailed plan for a series of issuances to both governmental offices and the general public, and by mid-1958, several of these had already been published. The WAPCO also was seriously considering the issuance of an informational handbook on the Government's job evaluation system. Meanwhile, extensive direct training of departmental personnel officers and training officers, conducted by the Bureau, the WAPCO, and the Institute of Public Administration of the University of the Philippines, was contributing substantially to the general understanding and acceptance of the merit principle.

But perhaps the single most noteworthy achievement in the publicity and communications area has been the formation of the first national personnel management association in the Philippines. This organization - called the Personnel Officers Association of the Philippines - was established in mid-1957 and has, as one of its cardinal objectives, the strengthening of the merit system through education of practitioners and public alike. In its first year of vigorous operation it had sponsored a number of luncheon and dinner meetings and workshops, had conducted an excellent and widely-attended three-day conference in March 1958 and had published a fine summary of the conference proceedings. The POAP would probably represent, for some time to come, the center of aggressive endeavor to build support for the merit system as the key to good government in the Philippines.

Mention should also be made of a projected publication of the Institute of Public Administration which will be a compilation of papers dealing with various aspects of Philippine public personnel administration. Originating in discussions between IPA staff and ICA personnel advisors, the publication of the "Readings" should further stimulate interest in and understanding of the workings of the Government's career personnel system.

III. A LOOK AHEAD

In retrospect, the years between 1950 and 1958 have marked a substantial advance in Philippine public personnel administration, significantly in the realm of concepts and plans, to a lesser extent in the institutional sphere, and to a very limited degree in the area of procedure and technique. While the Pre-Project period (1950-54) tended to concentrate on the establishment or modification of institutions for personnel management improvement, the Project Period has emphasized conceptual and procedural aspects. Broadly speaking, the improvement need in the Philippines since 1954 has rested largely in the area of operation rather than machinery; in the sphere of ideas, understanding, and motivation, rather than in administrative organization. This fact is important for an appreciation of the needs of the coming years.

For the central problem of public personnel administration in the Philippines has barely been touched. In 1950, at the time the Bell Mission Report was written, the overriding problem was the reconciling of the principles and practices of the merit system with the realities and requirements of the political process.

Progressive strides made in the structuring of public personnel management, as in the establishment of institutions for in-service training, the creation of a central salary-fixing body, the formation of personnel offices in line departments and agencies, and the organizing of a programming and standards unit in the central personnel agency -- these have been commendable steps forward in a complex situation. The same can be said for methods improvements in the substantive personnel areas of examining and job evaluation. Equally noteworthy have been the major efforts at diagnosis embodied in the President's Committee Report on Civil Service (1955) and the survey of personnel practices in line agencies of government (1958). In the same evaluative vein, advisors of the ICA/Manila have contributed to U.P. publications several papers on various aspects of Philippine personnel administration.

But these and similar accomplishments have hardly more than set the stage. Continuing the theatrical inference, one might say that an adequate structure has been provided, competent performers had been employed and, by usual standards, an effective plot and dialogue had been prepared -- but the success of the performance was in doubt. The source of the uncertainty lay in what the audience wanted.

The Philippine people have not yet spoken unequivocally in support of the merit principle of governmental employment. The strong constitutional pillar, and the fundamental civil service law itself, were largely American requests from a different era. Post-war problems of physical reconstruction, economic uncertainty, and political development have placed a severe strain upon the ideology and institutions of public administration introduced by the United States. Strong tendencies have developed among the people to seek public office on the basis of privilege rather than merit; or to condone such practice on the part of others. Placed in equally awkward positions by this disposition on the part of the electorate were the administrators and elected officials. While leaders are supposed to lead, it is axiomatic, of course,

that they cannot move too far ahead of the main body without risking abandonment. One of the surprises of the 1950-58 period has been the growing attractiveness to the general public of the old way of conducting government business, wherein the measure of a public official's worth is the degree to which he satisfies the individual demands of the citizens. In such a setting, the difficulties involved in improving a civil service system based on competition and merit are almost insuperable.

The long-term solution would seem to lie in extensive public education. Somehow the Philippine citizenry needs to be made aware of the high correlation between good government and the merit principle of employment. Further, such awareness must be extended into action and vigilance in defense of the merit system. With such clarification of the electorate's wishes, governmental officials may be expected to act with far greater confidence in the general public interest.

What, then, can be said of the probable direction of future programming in the personnel area of Philippine public administration?

Perhaps the safest prediction, in mid-1958, was that the merit system would remain on the defensive for some time to come. A radical change in the political climate appeared necessary before any major advances could be made in the organization, staffing, and operation of the civil service. Such change would almost certainly take the shape of a reform movement, originating with the people and prosecuted by the highest office in the land, the Presidency. The movement would have depth, purpose, and vigour, and would truly introduce a new era in the management of governmental personnel.

The outlines of such a program are fairly clear. Moving the merit principle from the defensive to the offensive would involve, first, the mounting of a large-scale enlightenment effort, with the central personnel agency taking the lead in the early stages, followed soon by one or more citizen-supported reform leagues. With public backing for an improvement program eventually assured, the Chief Executive would then organize a top-level task force to plan and direct the necessary studies in the complex personnel management field and to implement the resultant recommendations as fully and promptly as possible. These studies and recommendations would deal directly with the major issues and problems of (1) civil service law and regulation, (2) salary standardization, (3) employee selection, development, and utilization, (4)decentralization of personnel management functions and authority, (5) simplification of transactions processing and expansion and training of personnel staffs at all levels of the bureaucracy. The magnitude of any such reform program - especially when the antecedent educational task is considered - would suggest a project of some three to five years.

TERMINAL REPORT

of

B. Thomas Walsh
Public Administration Advisor (Personnel)
September 20, 1958

I. Obtaining a New Civil Service Law

There has been a long felt need for revising and updating the Civil Service Law. Some of the present law represents the early efforts of the McKinley Commission at the turn of the century and most of the remainder dates back to 1917. The Philippines, meanwhile, have advanced from a colonial government of limited scope to one having full autonomy and numerous complex functions. In this period government employees on all levels have increased from about 3,000 to 350,000.

The present law does not adequately take into account problems resulting from the increased size and complexity of government. Certain aspects such as the need for decentralization and delegation have been largely ignored. In addition, through the years there has been several pieces of special legislation regarding particular facets of personnel administration which should be codified and incorporated in a general Civil Service Law.

The initial revision of this law was undertaken by the President's Committee on Civil Service in January 1955. Shortly thereafter the Government Survey and Reorganization Commission offered a better bill but one which unfortunately ran into certain congressional objections. As a result of this, the Commissioner of Civil Service designated a special committee headed by the Chief of the Personnel Services Division and including ICA consultants to again draft a proposed new law. This bill failed to receive favorable Committee action in 1957 and again was carefully revised and polished. In early 1958 it was reported out favorably by both the House and Senate Civil Service Committees but failed to come to a vote in that session. At present (October 1958) the Senate Committee has just held public hearings and, with similar hearings contemplated for the House, prospects are most favorable for passage early in 1959.

Considerable optimism concerning approval is present because of the much more adequate groundwork for support which has been done during the past year. Several organizations have taken a favorable stand on the issue including the Personnel Officers Association of the Philippines, the Institute of Public Administration, and the Society for Public Administration. A comprehensive question and answer sheet has been prepared covering the reasons for all pertinent features of the bill. Attention has also been paid to secure support for sections repealing special non-merit legislation of recent years such as the granting of lifetime eligibility and the conversion of bar and board examinations for purposes of obtaining Civil Service eligibility. While it is true that

effective implementation of the law is as important as the value of the law itself, the successful fruition of these efforts will mark a major milestone in Philippine Civil Service progress.

II. Modernizing the Employee's Selection System

A major portion of this advisor's time was spent in the areas of training, recruitment and developing examination processes to aid in improved personnel selection.

It was not until 1955 that attempts were made by the Bureau of Civil Service to provide a technical staff for the construction and administration of examinations. Up until this time most examinations were prepared by the Deputy Commissioner or Chief Examiner and were limited primarily to general intelligence tests or so-called "Grade" examinations. Practically all such examinations were of the essay type and the concept of relating an examination to the knowledges, skills, abilities and duties of the job was not followed. One of the most worthwhile accomplishments of the civil service project has been the conversion to the objective type examination which can be electrically scored and which more readily can be used for occupational testing.

1. Training. In conjunction with the establishment of five units comprising the examinations section, this advisor conducted a training session for the 18 newly designated examiners. This course, which was given over an 8-month period from November 1956 through July 1957, covered all phases of test development. Areas covered by this training included: announcement preparations, job analysis, construction of written tests, conduct of individual and group oral examinations, rating of training and experience, determining critical scores, setting of qualifications requirements, and analysis of test results including validity and reliability studies. Insofar as possible, training was conducted on a demonstration basis rather than by lecture method and was adopted to meet the local situation. On the basis of the cordial reception of such training, the Bureau requested that as time permitted, additional courses be given covering other areas of the personnel process particularly certification and appointment.

The emphasis on practical application enabled technicians to employ modern techniques in actual work situations. Having received this fundamental training, working committees were then organized to prepare operating procedures for many phases of the examining process. It is felt perhaps that this training has done the most to provide long-term benefit to the Bureau of Civil Service.

2. Improving the Recruitment System. The Bureau of Civil Service, due to high unemployment and large candidate competitions, has pursued a negative recruitment policy to discourage as many people as possible from applying. While this is understandable in view of the heavy workload, many changes in the recruitment system were suggested to emphasize the bringing of the best qualified persons into government service. Some improvements were done by revising qualifications standards for candidates and restricting the conversion of eligibilities while at the same time undertaking efforts to do positive recruitment. Progress has been

made in improving the format and distribution of announcements, and plans are underway for the establishment of a weekly civil service column in the Manila Times.

3. Renovation of the Examination System.

a. Gearing the Examination Program to the New Classification Plan. The implementation of the Wage and Position Classification plan in November 1957 made it necessary for the Examinations Division to revamp its operations. Of first importance was the formulation of qualification standards in accordance with WAPCO class titles which could serve as a basis for reviewing all appointments as well as for admission to examinations announced. Prior to this time positions involving substantially the same duties were called by a variety of titles none of which were necessarily related to the duties performed. Examinations of necessity were general in scope and based primarily in literacy and educational qualifications. The installation of the classification system made it possible to produce valid examinations related to the duties of particular classes of work. Approximately 2,700 classes were created under the WAPCO plan and it was immediately apparent to the Examinations Division that due to the limitations of funds and staff, they could not possibly examine for all of them. A project was undertaken resulting finally in approximately 450 occupational groupings.

On completion of these groupings technicians from the Bureau of Civil Service undertook to prepare qualification standards for all classes within these groupings. At this time standards have been completed for about 40% of all classes with the remainder estimated to be finished by March 1959. This will make possible the limiting of examinations primarily to entrance level classes with promotion within groups made on the basis of certifying appropriate lower level eligibility plus the specified additional training and experience.

b. Developing Standard Operating Procedures for All Phases of the Examining Process. This Advisor worked with committees to prepare procedures for various areas of the examination process. Manuals were prepared and issued on job analysis, preparation of announcements, determination of critical scores, conversion of examination ratings, application processing and the scoring of examination papers. In addition, certain needed forms were provided and are currently used by the Bureau. Probably the most valuable form devised was for the determination of the passing score for written and performance tests. By providing data on the needs of the service, number of candidates, past examination results and statistical apread of scores, a reliable and logical determination of the critical score could be made. This has enabled the bureau to avoid preparing lists with an under or over supply of candidates and, coupled with improved statistical methods of sampling, has saved the Bureau considerable time.

c. Planning and Implementing a Program Designed to Reduce Large Number of Temporary Employees. One of the severe handicaps to appointment based on merit has been the presence of over 100,000 temporary employees in the government. For many years in the post-war period there has been an insufficient number of eligible lists with a consequence that the number of

temporary employees has continued to grow each year. This has had the understandable effect of shelving new eligibles in preference to temporary employees already in service. It was felt that unless this trend was arrested, candidates for the public service had little chance for appointment on a merit basis.

This Advisor had worked with the Chief Examiner on a program to establish a priority system of scheduling examinations. An inventory of temporary appointments by class was made and a tentative examination schedule for the future has been prepared. This, coupled with the grouping of classes and use of qualification standards, will assist in reducing the examination workload while at the same time increasing the volume of examinations held. The preparation of examinations themselves have been assisted by establishing an item file. Materials were secured from various sources and this file already contains over 10,000 usable test questions.

d. Rendering Technical Assistance in Preparing and Administering Examinations. This Advisor was called upon on a continuing basis to assist the various examining units in securing, preparing and editing examination materials. Included in these discussions were preparation of announcements, determining of examination parts and weights, construction of training and experience tables, and making arrangements for test administration. Many innovations, both qualitative and quantitative, were introduced such as the successive-hurdles methods of administering multiple-part examinations, paired comparison rating of training experience, and group orals.

An example of a successful examination employing new time-saving techniques was that for Junior and Senior Stenographers. Instead of the traditional verbatim transcript which is extremely time consuming to score, the dictation part of this examination was scored electrically by IBM machine. The same dictation passages were used for both levels of stenographer with difference in ability recognized by requiring a higher accuracy rate for Senior Stenographer. Candidates were given a partly completed transcript and were required to supply the missing words in the successively numbered blank spaces by choosing from among those given in a prepared word list. In addition, candidates were required to get 70% in both the dictation and written test prior to being notified to take the typing test. By the use of this successive-hurdles method, a tremendous number of typing papers were eliminated from scoring. A typing rating scale was worked out incorporating both speed and accuracy in a single converted score rather than the traditional method of rating each factor separately. The above techniques enabled the Bureau to produce Stenographer eligible lists for a competition of 5,000 within a period of one month from date of holding rather than the two years that were formerly required.

III. Streamlining Internal Operations of the Bureau of Civil Service.

Although some reorganizations of internal operations were effected by the adoption of some recommendations of the President's Committee on Civil Service in 1955, many obsolete and inefficient procedures continued to hamper the work of the Bureau. Lack of delegation created bottlenecks on the divisional level and the heavy emphasis on personal handling of requests took an undue portion of each administrator's time. The lack of written policy caused decisions to be made on a case-by-case basis and worked against any real attempt to

delegate authority to the lowest responsible level.

The progress in developing written policies and promulgating procedure manuals for internal operations was less satisfactory than had been hoped, however. Greatest success was achieved by the work of this advisor in conjunction with the Personnel Services Division in preparing employee handbooks on several phases of the examination and appointment processes. To date guides have been prepared on efficiency ratings, meaning of probationary appointments, a brief historical development of the Civil Service system, and administrative discipline cases. Approximately 100,000 copies of each of these manuals have been distributed at this time.

Much time has been spent by this advisor in working with the Management Service of the Budget Commission in preparing a study to reorganize the Appointments Unit of the Commission. Through commodity assistance, 100 Kardex visible file cabinets were procured to convert all present service cards. Appointment units were set up on a clientele basis with clerks handling all appointments for a given government department or bureau. Steps involved in processing appointments were reduced from 200 to 32. Implementation work is not yet finished due to limited staff but it is believed that the average time for processing an appointment will be reduced from approximately one year to one month.

IV. Delegating Authority in Personnel Management Through Local Autonomy

The Philippine Civil Service is unique in that all levels of government; national, provincial, municipal and chartered cities, as well as government corporations and teachers, are under the central personnel agency. While from a theoretical point of view this comprehensive coverage may seem desirable, in a realistic sense such a system is practically unworkable. If it is necessary, for instance, to hire a laborer to work on a highway project in Mindanao, his appointment and other necessary processing papers must be coursed through the central office in Manila. Similarly, any nomination or appointment by provincial or local governments is subject to approval and clearance by the Bureau of Civil Service. The vast workload thus imposed on the Bureau has made it necessary for local officials to periodically come to Manila to expedite transfers, appointments and other personnel actions.

In order to more fully explore the situation, this advisor in conjunction with other members of the team, made several field trips to selected provinces and municipalities to gather data on personnel problems on the local level. The report thus made served the purpose of bringing into focus many problems and complaints of local government. The Commissioner of Civil Service in releasing the report has stated that several of the recommendations contained in it will be used to plan a phased withdrawal of national personnel management control by increasing the autonomy of local government jurisdictions.

V. Developing a Personnel Statistics Reporting System

Up to the present, the personnel reporting system of the Bureau of Civil Service has been woefully inadequate. All departments, agencies and other government entities have been required to submit periodic reports listing all personnel transactions including a complete roster of employees. A

five-man unit was charged with the responsibility of ensuring compliance, but proved inadequate. Reports were invariably delinquent and incomplete, and at the close of the last fiscal year, data had been received for only 225,000 of the estimated 350,000 government employees.

A study was made of the problem by this advisor and it was found that a considerable amount of non-essential information was requested. There was also considerable overlapping and double-reporting between levels within any government department. Further, the Service Cards maintained by the Appointments Division could serve as an adequate basis for preparing an Employees Roster if required.

A new short form was thus prepared and implemented to reflect changes in the number and status of employees without requesting the names of the employees. This form is based on a mathematical system of accessions and separations which provide a continuous running total of employees without the necessity of counting all employees each month. To check against any possible error, each department's report is checked against the plantilla submitted at the beginning of each fiscal year. Work involved in processing has been so reduced that three of the original five employees of the reporting unit have been transferred to other necessary functions. This form will also be of considerable use in determining examination priorities and for the replacement of temporary employees by civil service eligibles.

VI. Decentralizing Personnel Administration

The Bureau of Civil Service, because of high centralization, has incurred an almost unmanageable workload. A partial solution to this problem has been effected through increased local responsibility for personnel management as mentioned previously. Full solution requires regionalization of the activities of the Bureau of Civil Service and the removal of unrelated functions and responsibilities.

This advisor participated in a study concerning the feasibility of regionalization and detailed plans for the establishment of regional offices were decided upon. Included in these plans were staffing patterns, locations of offices, functions and authorities, and job descriptions. In order to permit such regionalization, a section dealing with it was inserted in the new Civil Service Law and provisions were made in the last budget for staffing a pilot regional office. Because of the general cutback of the general appropriation this past Spring, the request for additional personnel was denied, but it is hoped that government finances will support this measure next year.

Studies were also made exploring the possibilities of relieving the Bureau of Civil Service from non-pertinent responsibilities. The Bureau is required to perform certain administrative duties for the Boards of Examiners which handle the professional licensing examinations. Candidates for these examinations pay a fee of 30 to 50 pesos, yet the funds so derived do not accrue to the Bureau of Civil Service. In addition, each year about two-thirds of the examinations given by the Bureau are for scholarships. These

examinations include such diverse categories as pensionados, military cadets, and foreign student grants and do not relate to the filling of government positions. It was recommended that the preparation of all non-Civil Service examinations be made the responsibility of the government office or educational institutions for whom the examination is being given.

Greatest progress was made in the delegation of responsibilities for teacher selection. The Philippines is unique in that all teachers are in the Civil Service and are required to be competitively examined. Since there are approximately 100,000 teachers in this country, a major portion of the Bureau's time has been spent in their selection. A joint committee of the Bureaus of Public Schools and Civil Service was formed to study the problems of examining, certifying and appointing teachers. The Bureau of Public Schools is willing to undertake this responsibility and has sufficient staff and funds for this purpose. Little additional work is entailed since the Bureau of Public Schools has for the past several years conducted their own teacher selection examinations prior to the holding of Civil Service examinations.

Two other advantages will result from this delegation of authority: (1) Newly graduated teachers will be able to qualify for government positions since the Bureau of Public Schools can afford to give teachers examinations each year instead of the usual three to four years, and (2) The problem of double jeopardy will be eliminated. (Teachers who take and pass the present teacher selection examination given by the Bureau of Public Schools must still take the Civil Service examination in order to get permanent status and thereby run the risk of being disqualified at a later date. By delegating authority to the Bureau of Public Schools their examinations may also officially be considered as the Civil Service Examination.)

VII. Other Activities

This advisor served as a resource person and speaker on many occasions. Lectures and group discussions were conducted on employment interviewing, performance ratings and evaluation techniques at in-service training courses conducted for personnel officers and management analysts. In addition, a paper on public personnel administration in the Philippines was prepared for the Institute of Public Administration.

STATISTICS ON RURAL POVERTY*

by

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MY ASSIGNMENT in the Philippines is, as an advisor to the Philippine Government, to develop and improve statistics through the use of statistical surveys and other modern techniques. In performing my assignment I have seen many statistics which would, I believe, be of interest to people working in the demographic, sociological, and economic fields of rural areas.

Since I am not an expert in these fields I intend to limit my talk to a presentation of statistical data and observations. I will attempt to point out those items which may be of significance to you in your work but will leave the technical aspects of the use of the statistics to the technicians. I feel that it is essential that you be made aware of all the data which is now available in order that you may use it in your work and also in order that you may make known to the proper authorities the type of additional information you may need in the future.

A major source of the data that is presented in this paper is from the Philippine Statistical Survey of Households. For the benefit of those of you who are unfamiliar with this organization, I would like to give a brief description of the work of the PSSH, as we refer to it. The PSSH was organized in early 1956 and conducted its first nationwide survey in May of that year. It has now conducted five surveys and plans to conduct a sixth in May of this year. The survey covers a scientifically chosen sample of 6,000 households representing the entire Philippines. Although this is a sample survey it is felt and our mathematical computations tell us that the results are very acceptable. The data obtained from all these surveys are now being processed. Results of the May 1956 Survey have been published and are now being used by many Government agencies and other users. We feel that the statistics obtained in these surveys are very reliable and represent the best data available concerning the characteristics of the Philippine population.

According to the Philippine Statistical Survey of Households in May 1956 the estimated population of the Philippines living in households was 21,591,000. Persons living outside of households and not included in this estimate consist of the Armed Forces in military installations, inmates of religious, penal, charitable, or mental institutions, persons living in dormitories, hotels or boats and transients and others not living in dwelling units or households for any reason. It is estimated that there are about 500,000 of these people making the total population of the

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Philippines about 22,100,000 in May 1956. Considering the steady increase of the population, the population of the Philippines is now about 23,000,000.

The Bureau of the Census and Statistics is using a 1.9% annual rate of increase in population for their projections of population. This rate is based on the actual rate of increase of population between the Censuses of 1919 and 1948. Statisticians believe that the rate of increase is larger now than formerly. In fact, the United Nations uses three possible rates of increase: one assuming a high rate of population growth, another assuming a low rate of growth, and an intermediate rate of increase. All rates are higher than the 1.9% annual rate used by the Bureau of Census and Statistics. The intermediate rate used by the United Nations assumes a 3.0% annual increase and I believe that this is the most reliable estimate of population growth. This estimate is supported by the 50-per-thousand birth rate and the probable 18 to 22-per-thousand death rate which prevails in the Philippines. Using a 3% annual rate of increase in population, the Philippines is adding just under 700,000 people to its population, each year. You can estimate the effect of this increase upon the food, educational, medical, and labor force requirements. All of these must increase by 3% a year just to maintain the present standard of living.

The PSSH has defined the urban population as those people residing in chartered cities and provincial capitals, Metropolitan Manila (Manila and adjacent cities and municipalities), and the poblaciones of municipalities, while the rural areas include all barrios of municipalities except those of the provincial capitals.

Using these definitions of urban and rural, we find that 35% of the population reside in urban areas and 65% of the population reside in rural areas. Therefore, in our discussion of rural statistics, we should bear in mind that when we speak of the rural population we are talking about approximately two thirds of the entire population of the Philippines. This rural population lives in about 18,000 barrios scattered throughout the Philippines.

When I was asked to present data on "Rural Poverty in the Philippines," the first question that arose in my mind was, "What is the meaning of poverty?" The dictionary provided the following definitions: Poverty is the state of being poor or without competent subsistence. Further along the dictionary stated, "Poverty denotes a condition below that of easy comfortable living." This latter definition, it seems to me, represents the condition of people living in barrios in the Philippines. While they are not as poverty stricken as the people of other less developed countries such as India, Pakistan, and China, they definitely do not enjoy an easy comfortable living.

I will supply data for both urban and rural population and let you judge whether the data indicates poverty in the rural area alone or in both urban and rural areas.

Preliminary tabulations from the March 1957 Survey covering Income and Expenditures of Households show that the median income of rural households is approximately ₱715, while the income of urban households is approximately

₱1,250. The median income is defined as that point in the distribution such that half the households have higher incomes and half the households have less income. Thus we can say that half the rural households in the Philippines have less than ₱715 income per year. When we consider that the average size of the households is almost six persons per household, we obtain a per capita income of only ₱120 per year for the members of these households. The corresponding per capita income for members of the median household in urban areas is ₱210 and for the entire Philippines ₱150.

In the rural segment the survey shows that 3.3% of the households have less than ₱200 income per year; 5.8% have incomes of between ₱200 and ₱299; 9.2% have incomes of between ₱300 and ₱399; 10.8% have incomes of between ₱400 and ₱499; and 10.5% have incomes of between ₱500 and ₱599, making a total of 39.6% of households having incomes of less than ₱600 per year or ₱100 per capita. Only 18.0% of urban households reported such low incomes.

I might point out at this point that all the previously mentioned income data refer to both cash income and what we call "in kind" income. In kind incomes is income or value received from barter, exchange services, farm or other produce grown and consumed by the household, the equivalent value of free rental or the value of housing owned by the household and the like. In rural areas, approximately one-third of the income is this in kind income. So rural households are receiving even less cash income than the previously cited data shows.

Now, let us examine the rural population with regard to labor force activity. There are just about 14,000,000 persons living in rural areas according to the May 1956 Survey. About 9,450,000 of these are 10 years old and over. We exclude persons under 10 years of age from consideration because they are considered too young to work. Of the 9,450,000 persons 10 years old and over, 5,500,000 are in the labor force (i.e., employed or unemployed) and the remaining 3,900,000 are housewives, students, those too old or unable to work and others not desiring to work. Of the 5,500,000 persons in the labor force about 600,000 persons are unemployed. This leaves 4,900,000 employed persons. Finally, of the 4,900,000 employed persons, about 1,475,000 are unpaid family workers. Thus we arrive at a final figure of approximately 3,425,000 persons working for pay or profit. These workers are the ones who must support 14,000,000 rural people. Each person working for pay or profit has an average of three others to support.

Looking at the rural labor force from another standpoint, there were about 5,865,000 persons who worked at some time during the year. The median number of weeks worked by people who worked during the previous year is about 31 weeks for the year. Thus the typical rural worker worked only about 60% of the year. Also a considerable number of employed persons worked less than 40 hours per week when they do work. In the May 1956 Survey, 11.6% worked less than 20 hours per week; 15.5% worked from 20 to 29 hours per week and 46.0% altogether worked less than 40 hours.

The statistics on agriculture are also interesting because, of course, agriculture is the main activity of the rural sector. According to the May 1956 Survey, there are about 2,075,000 farms in the Philippines. About 800,000

of these are owned by the operator of the farm and another 300,000 are partly owned, making a total of about 1,100,000 that are owned or partly owned. About 900,000 farms or slightly less than half of all farms are operated on a share basis.

About one tenth of all farms are less than half a hectare. Nearly one fourth of all farms are less than one hectare, and the median sized farm is approximately 1.75 hectares in size. About two thirds of all farms grow palay as the principal crop. There are about three quarters of a million farms in the Philippines whose size is less than two hectares and on which palay is grown. Less than 10% of farms growing palay are 5 hectares or more in size. In considering the size of farms, please consider the fact that the average production per hectare of rice is about 26 cavans for the Philippines.

We have also obtained some data about livestock and poultry owned by farm households. Of the 2,075,000 farms, about 615,000 own one carabao and almost 600,000 own two or more carabaos leaving about 870,000 farms without any carabao. About 110,000 farms own one or more horses and approximately 270,000 farms own cattle. For poultry, nearly 1,250,000 farms have from 1 to 20 chickens and over 400,000 farms have more than 20 chickens. There are about 1,380,000 farms which own 1 or more hogs.

Labor Force data was also gathered for agriculture during the May 1956 Survey. The results show that slightly over 5,000,000 persons were employed in agriculture. Of these 43.5% were self-employed. Another 45.2% were unpaid family workers. Only 10.6% of these employed in agriculture are wage or salary workers compared to all industries where 27.2% of the employed are wage and salary workers.

There are about 55,000 wage and salary workers engaged in agriculture. The median income of these workers is the lowest in all major industry groups, being only ₱6.8 per week. In contrast, the median weekly earning in Government, Community, Business, and Recreation Services are ₱28.7 per week; Electricity, Gas, Heat, Water, and Sanitary Service workers have a median earnings of ₱27.3 and even domestic service workers earn ₱9.3. The median weekly earning for all major industry groups is ₱14.1. Thus the median for agriculture is far lower than that for any other major industry group and only about 40% of the median for all groups.

Housing facilities for rural households differ greatly from those in urban areas. 93% of rural households own their own house and about half of these households own the lot on which their house is built. An additional 6% of the households in the May 1956 Survey reported that their housing was supplied rent free. Only 75% of households in urban areas owned their houses with 7.9% others reporting that housing was supplied free.

For all houses built in the Philippines in 1955 and 1956 the survey showed that there were about 70,000 owner-occupied houses built in urban areas at an average cost of about ₱700 each. During these same two years there were about 325,000 owner-occupied houses built in rural areas at an average cost of just over ₱240 each.

The most common source of drinking water supply of rural households is from unprotected shallow wells which supply the water for 35.3% of the households. 25.5% of the households obtain their drinking water from rivers, streams and lakes and another 16.6% of the households obtain their drinking water from springs. Only 5% of the households have access to municipal piped water systems whereas 48.8% of urban households get their drinking water from piped water systems.

Over half the rural households have no toilet facilities whatsoever. Only one third of urban households lack any toilet facilities. Only 17% of rural households have any kind of sanitary toilet facilities in contrast to nearly 40% of the urban households who have some sanitary toilet facilities.

The last two kinds of data that I wish to present to you concerns a subject that I believe may cause considerable discussion.

The first concerns the years of school completed. If we examine the years of school completed by persons 5 years old and over we find that 22.1% of all people living in urban areas have not completed any years of school while 35.0% of rural persons have completed no years of school. At the other end of the distribution we find that 7.9% of the population 5 years old and over living in urban areas have completed at least one year of college and 3.0% have completed 4 or more years of college. The corresponding figures for rural are 1.4% for completing at least one year of college and only .4 of 1% for completing 4 years or more of college.

If we consider that completion of four years of school qualifies a person to read and write, only 40% of rural persons have completed 4 or more years of school. Almost 60% of urban persons 5 years old and over have completed 4 years of school or more.

The median school years completed for the rural population 5 years and over is 2.0 years. If you exclude the children 5 to 14 years who still may be attending and determine the median years of school completed for persons 15 years and over, the median is found to be about 2.8 years. I will leave it to the experts in the education field to determine why, in a country with compulsory school education, the median school years completed is so low for the rural population.

The second kind of data which I believe will provoke considerable discussion concerns the age distribution. The age distribution of the Philippines has remained remarkably constant in the last twenty years as shown by the results of the 1939 Census, the 1948 Census and the May 1956 Survey. The median age in all these is about 17 to 18 years. I have discussed this situation with United Nations experts and my own co-workers from the Bureau of the Census and the consensus of opinion is that a stable or unchanging population distribution is quite usual. As the number of older people increases the number of younger people also increases and usually the proportion of the population in each age group remains fairly constant. Changes in the age distribution can occur because of big changes in birth

rates, war or some other similar phenomenon but apparently nothing like this has affected the age distribution of the Philippines.

In May 1956 we find that the median age for the rural population is 17.5 years. What does this mean? Well, basically, it means that half the population is less than 17.5 years and half the population is more than 17.5 years. Stated in more dramatic fashion, it says that half the babies born at any time will be dead before they reach the age of 17.5 years. Why do so many young people die? Obviously, it must be the result of many factors, most of which are the results of a low standard of living or even poverty. According to the Census Bureau records, nearly 30% of all deaths reported in the Philippines occur in children under one year of age. Just under 20% of all deaths reported occur in ages 1 to 4. After the age of 4, deaths are far less numerous. 15% of all deaths occurring in children under 5 years of age are due to dietary deficiencies. 30% of the deaths are due to broncho-pneumonia, acute bronchitis, and other types of bronchitis. About 9% of deaths are caused by gastro-enteritis and colitis, and nearly 20% of the deaths are from ill-defined diseases and causes. As can be noted from the above, the deaths in rural areas are caused by poor diet and especially by diseases or illnesses that can be controlled by modern medicine or medical care. It is obvious that the rural areas are poor in terms of health facilities, health services, health care, and probably health information. The rural people cannot afford or obtain the medical care, the medicine and the food required to prevent this high death rate.

The same vitamin deficiencies and diseases are the major causes of deaths among the other age groups of the rural population.

It is obvious that a great deal of work remains to be accomplished to raise the health, economic, educational, and social conditions in the barrios. Meetings and seminars such as this one held at Silliman University can do a great deal to publicize the condition of the rural population and by their recommendations and suggestions lead to the improvement of the standard of living of the entire Philippines.

SOME OPERATIONAL NOTES ON MAIL SURVEY RESPONSES FROM MANUFACTURERS*

by

Donald E. Young
Economic Census Advisor

THE PHILIPPINE Government took aggressive steps in about 1955 to improve statistics by the launching of a "Statistical Project" under the guidance of the Office of Statistical Coordination and Standards, National Economic Council. This "Project" was designed (1) to produce up-to-date statistical data on the size, composition, and distribution of the population; manpower supply and demand; and the economic activities of the country; (2) to establish reporting systems to maintain such data on a current basis; and (3) to improve the overall statistical operations of the Philippine Government.

Demographic and manpower surveys were conducted under the Philippine Statistical Survey of Households. Economic activities were studied by the Philippine Statistical Survey of Manufactures and by various surveys of the Department of Agriculture and Natural Resources. The methods employed in these surveys involved both personal enumeration (PSSH) and the mail canvass (PSSM).

At recent meetings of the Philippine Statistical Association, technicians have discussed many aspects of the Philippine Statistical Survey of Households, the various Agriculture surveys, and briefly some of the Economic work. Several articles concerning the Philippine Statistical Survey of Manufactures - especially the description of the sample design - have appeared recently in The Statistical Reporter. Preliminary results of the 1956 Survey of Manufactures were published earlier this year and the Technical Notes of that publication described the Survey quite fully. Final results of the 1956 Survey are now at the printer and will be released shortly.

Therefore, sample design, techniques of processing and tabulation, and final results will be excluded from this paper. Instead, I would like to discuss some of the other aspects of these recent Surveys of Manufactures which were conducted by a special unit of the Bureau of the Census and Statistics with financing (until July of this year) by the Statistical Project.

Actually, in the Manufactures field, there have been the following recent surveys: the 1956 Annual Survey, the complete Precanvass, the Quarterly Surveys of 1957, and now the 1957 Annual Survey and the Quarterly Surveys of 1958. I would like to confine the discussion to the 1956 Annual Survey and the study we called the Precanvass.

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*Paper prepared for the graduate seminar of the University of the Philippines' Statistical Center
September 12, 1958, Manila

These surveys were conducted by means of mailed questionnaires which were accomplished by selected respondents and then returned by mail to the Bureau of the Census and Statistics.

Before such surveys were undertaken, it was necessary to study very carefully the possibility of using the mail method. It was necessary to determine if these proposed surveys were the type of inquiry that could be successfully handled by this technique. Not all surveys meet the requirements.

While the following questions may appear to be elementary, they merit careful consideration:

1. Does the postal system extend to the areas where the selected respondents are? The record shows that in 1956 there were over 1,230 post offices throughout the Islands. This was deemed sufficient to reach most manufacturing establishments.

2. Do the mailed materials reach the addressees? Experience indicated that, at least for addressees like manufacturing establishments, the mails were effective. For example, in the Economic Censuses of 1948, the mails were quite successful.

3. How long does it take for mail to reach its destination? The time factor is certainly an important one to consider and requires special attention. Sometimes, it takes from four to six weeks for regular mail to reach some of the islands. Of course the use of airmail postage, both for outgoing and for return mail, will solve this problem to some extent.

4. Will the respondents understand a mail inquiry? It seems that manufacturing establishments in the Philippines were quite used to filling out many government forms and this would not be a new experience for most of them. Also, the 1948 Economic Censuses were largely collected by mail and the experience seemed to indicate that selected firms would reply. The language problem was also considered. The 1948 experience and current opinion indicated that there would be no serious problem, as far as manufacturers were concerned, if a questionnaire printed only in English was used.

5. Can lists or directories of names of respondents and their addresses be prepared? Fortunately, there was already available a recently prepared Directory of Non-Agricultural Establishments. The names and addresses were as of the previous year (1955) and, in addition, there was much additional data like size, activity, etc. There was also available the means for updating this directory.

6. Was the survey to be a mandatory one or would response be on a voluntary basis? The Survey could be mandatory under the provisions of Commonwealth Act No. 591. This Act specified the penalties for failure to comply.

7. Would the respondents be given sufficient time to reply? To provide a reasonable period of time for allowing the Annual Survey respondents to

consult books of account and complete the required report, it was planned to give them 30 days from the date of receipt.

8. Would the respondents be given sufficient instructions? To assist the respondents in complying, it was decided that detailed instructions would be given both on the questionnaire form itself and in a separate instruction book.

9. Will the respondents feel that the Survey is important? To emphasize the importance of the survey, endorsements were obtained from leading Chambers of Commerce and Trade Associations and were prominently included in the mailing materials.

10. Will the respondents feel that the answers, which they are required to give, will be used against them? The same law (Commonwealth Act No. 591) that made the Survey mandatory also stipulated that the information so obtained would be handled in a confidential manner and that the published results would not reveal any establishment's individual operation. The report could not be used for taxation, regulation, or investigation. These points were emphasized to the respondents on all mailing materials.

11. How difficult will it be for the respondents to reply? A self-addressed return envelope which required no postage was furnished each respondent. Other replies which were requested such as return telegrams were handled on a "collect" basis.

After carefully considering each of these points, it was felt that these surveys were qualified for the direct mail technique.

There were several advantages to be derived from using the mail canvass. Field costs were greatly reduced and funds were available for careful office processing including the detailed editing and recontact with the respondent, whenever necessary.

This method also provided the respondent sufficient time to complete the questionnaire. Usually books of account had to be consulted to provide the answers and many manufacturing firms only employ bookkeepers on a contractual basis.

With this technique, all decisions regarding each report were made in the Central Office and were not subject to different interpretations by different enumerators.

Let us now examine more closely these two surveys and see the techniques used and the response obtained. The figures quoted below are unofficial figures obtained from progress reports and other sources and may be revised slightly in the final record. One cannot overemphasize the importance of maintaining processing records which can provide, as a by-product of the survey, much valuable information for future planning.

THE 1956 ANNUAL SURVEY OF MANUFACTURES

Over 3,000 selected manufacturing establishments, each employing at least five or more employees, were sent, during February 1957, the following materials in a window envelope: An original questionnaire (Form MA156) containing the name and address and necessary control numbers; a file copy of the questionnaire for the respondents' files; a detailed instruction book containing, in addition, the cover letter from the Director, the endorsements of leading Chambers of Commerce and Trade Associations, and extracts of the law pertaining to the mandatory and confidential provisions; and a postage-free return envelope. Respondents were requested to return their completed reports within 30 days.

As can be seen from the accompanying chart, reminder notices and follow-up letters were sent to delinquent establishments at regular intervals. Later in the survey, telegrams and radio contacts were utilized. Personal visits were also made to establishments which failed to send in their reports after repeated follow-up.

Initial response exceeded all expectations and the systematic follow-up produced 97 percent response. The remaining 3 percent were estimated on the basis of other information.

CHART I - THE 1956 ANNUAL SURVEY OF MANUFACTURES

(Over 3,000 selected establishments - Report due 30 days)

Step		Status
February, 1957	- Mailing	Over 3,000 questionnaires
March	- Reminder Cards	Receipts 10%, 2700 Reminder cards sent
	(3 weeks later)	Due date: Receipts 20%
April	- 1st Follow-up	Receipts 50%, Follow-up 50%
	(Tracer)	40% Good 6% Problems 2% Extensions 2% Post Office Returns
May	- 2nd Follow-up	Receipts 73%, Follow-up 27%
June	- 3rd Follow-up via Registered Mail Follow-up and Local Visits	
July	-	Receipts 90%
August	- Telegraphic Follow-up and Civilian Defense radio network	
September	-	Receipts 94%, Delinquency 6%

	Step	Status		
October	- Close out	Accounted for:		100%
		Reports tabulated		81%
		Good reports	78%	
		Imputed	3%	
		Justified deletes		19%
		Out of business	6%	
		Not manufacturing	3%	
		Post office return	4%	
		Duplicates	5%	
		Not yet in operation	1%	

THE 1956 PRECANVASS OPERATION

All known names of manufacturing establishments not included in the 1956 Annual Survey of Manufactures were included in this basic inquiry. Over 23,300 schedules were mailed to these respondents during April and May of 1957. A brief questionnaire (Form MA 256) with self-contained instructions, a cover letter from the Director, and a self-addressed postage-free envelope were sent all respondents. These respondents were requested to reply within 10 days.

As can be observed from the accompanying chart a systematic follow-up technique was used that accounted for 96 percent of the cases. The mailing list in this study had not been refined to the same extent as that of the 1956 Annual Survey of Manufactures. Therefore, we find a much higher percentage of schedules deleted from the final results.

This operation furnished a more complete and up-to-date universe for drawing a sample for the 1957 Annual Survey and, in addition, provided a means of evaluating, to some extent, the estimates of the 1956 Annual Survey.

CHART II - THE 1956 PRECANVASS OPERATION

All known manufacturing names, except Annual Survey Sample

(Over 22,000 sent - Report due 10 days)

Step		Status		
April, 1956)	9,500 sent	1,500 Received (15%)		
	MAILING			
May)	22,303 sent (total)	Receipts		40%
		Reports	30%	
		Post Office Returns	10%	
July	1st Follow-up 10,066 sent	Receipts		50%
		Reports	40%	
		Post Office Returns	10%	
August		Receipts 75%, Delinquency		25%
September	2nd Follow-up 5,497 sent			
November		Receipts 90%, Delinquency		10%
December	Sample study of Delinquents and Post Office Returns			
January, 1957	3rd Follow-up, including personal visits About 2,200			

	Step	Status			
February	Close out	Accounted for	96%		
		Delinquents*	4%		100%
		Reports tabulated (5 & over)		20%	
		Deletes		80%	
		Reports under 5	30%		
		Post Office Returns	18%		
		Other Deletes	32%		
		(Duplicates, not manufacturing, out of business, and not yet in operation)			

*All these delinquents were reviewed and decisions made individually as to inscope status.

The results of these two surveys should prove encouraging to survey statisticians today. Not only were reports received from respondents - but these reports withstood an intensive edit for reasonableness and accuracy. Reports which failed these checks were referred back to the respondents for correction.

I believe the future, for manufacturing surveys of this type, looks even brighter. The files of the Social Security System will probably prove to be a fine source for names and addresses and thus greatly reduce the time and effort now needed to develop an accurate directory. Results in the future will be produced in shorter time with more accuracy as the respondents and the processing staff gain experience; as more accurate editing materials become available; and as processing procedures are improved.

TERMINAL REPORT

of

Milton D. Lieberman
Statistical Operations Specialist
November 15, 1957

I. GENERAL

While this is a final report in the sense that it covers the two-year assignment period as statistical operations specialist and Acting Chief of the Bureau of the Census Statistical Survey Team to the Philippines, it is by no means the final report of the Statistical Survey Project which will be in continuation until June 30, 1958. The Statistical Survey Project was set up during the latter portion of 1955 as a joint undertaking of Philippine Government agencies having primary responsibility for basic statistical and economic activities and, through the International Cooperation Administration, a team of U. S. statistical technicians. The purposes of the project are (1) to produce up-to-date statistical data on the size, composition, and distribution of the population, the supply of and demand for manpower, and the economic activities of the country; (2) to establish reporting systems to maintain such data on a current basis; and (3) to improve the over-all statistical operations of the Philippine Government.

The continuity of the project until June 30, 1958 will be maintained by the Labor Force Statistics Adviser, the Statistical Operations Adviser, and the Economic Census Adviser who will remain until March, July, and October 1958 respectively. Plans have been made to have the major components of the project integrated into the regular statistical work of the agencies so that by July 1958, there would be absorption by the respective Philippine Government agencies of programs and staffs. The Budget Commission has already approved this plan insofar as it affects the FY 1959 budget, but action by the Congress and the President is still required.

Since the inception of the Statistical Survey Project, a variety of statistical activities have been inaugurated or strengthened by the planned programs. In some cases, regular governmental agencies were the instrumentalities and direct beneficiaries of the project; but, by and large, the project was carried forward in a separate project organization headed by a project director, who, together with the chief of the U. S. statistical team, shared control, responsibility, direction, administration, and supervision of the approved activities. This project organization was contained within the National Economic Council (NEC). Actually the Director of the Office of Statistical Coordination and Standards (OSCAS) of the NEC served as Project Director during the major portion of the life of the project. Control of funds was accordingly administered by the Project Director including control of those funds allocated to other agencies.

This method of operation permitted tight centralized control of work progress and expenditures which was implied in the original Project Proposal and Agreement (PPA). Moreover, the scope of the project's activities permitted the amassing of considerable technical, administrative, and supervisory experience on the part of the Director of OSCAS and his staff. This point was most important since this office which started early in 1956 was charged with the important functions of statistical coordination among Government entities, for the promulgation and auditing of statistical standards, and for the orderly allocation of statistical activities among Government agencies. In addition, the Bureau of the Census and Statistics had been hindered by the small appropriations and disappearing trained staff. The Director of the Bureau was without the services of his deputy since the latter was assigned to special duty within the Department of Commerce and Industry. Hence, the Bureau of Census and Statistics was hardly in position to be a springboard for an expanded statistical program. Nevertheless, this Bureau had the clear-cut statutory authority to conduct surveys, including the punitive provisions with respect to non-compliance and violation of confidentiality by survey workers.

An arrangement was made whereby the Bureau of Census and Statistics was called the operating agency for the Philippine Statistical Survey of Households (PSSH); and the Agriculture Economics Division (AED) of the Department of Agriculture, for the Agricultural Statistics Program; the Institute of Nutrition, for the Nutrition Statistics Program; with the OSCAS as the coordinating agency, and participation by a number of other agencies such as the Central Bank, the Department of Agriculture and Natural Resources, and the Department of Labor. This arrangement worked very satisfactorily in generating widespread interest and stimulating government-wide participation. The Survey of Manufactures, however, from its inception, was placed directly in the Bureau of Census and Statistics because of the franking privilege of that Bureau and for other administrative and technical reasons.

During the past 2 years, the work of the statistical team and the pertinent Philippine Government agencies was directed toward developing a "statistical machine" consisting of selected and trained personnel with a body of procedures, methods, and techniques, and utilizing modern mechanical equipment and sampling techniques as well as other approved operational techniques in the conduct of various survey operations and statistical improvement sub-projects. These surveys and sub-projects have generated a flow of needed socio-economic data and will produce considerably more by the date of the project's close-out.

The basic idea for a team of U. S. statistical experts has had singular success. While this is due in part to the high degree of cooperation displayed by the Filipino counterparts, much of this success can be attributed to the soundness of the team idea and the individual abilities and personalities of the team members. Further, the fact that the Philippines may be considered somewhat advanced statistically among the Asian nations, excepting Japan and India, has made the climate of technical assistance favorable. Apparently, the statistical team idea has received wide attention in professional circles and it is my understanding it is being adopted in several countries of the region such as Korea and Thailand. The fine "backstopping" by the International Statistical Programs Office of the U. S. Bureau of the Census contributed, in no small

measure to the success of the team's labors by sending forth a never ending stream of valuable materials and by following closely the work status and the operational problems of the Philippine program.

II. STATISTICAL ORGANIZATION IN THE PHILIPPINES

A. Main Statistical Agencies of the Philippine Government.

1. Office of Statistical Coordination and Standards (OSCAS).

An office within the National Economic Council, OSCAS was organized late in 1955 by executive order and started operating when the Director, Mr. Bernardino G. Bantegui, took office early in 1956. Much of the present statistical program has been directed toward this office since the Director also serves as Project Director with the Chief of the U. S. Census Bureau team. A relatively small staff of professional employees was recruited and throughout 1956 and 1957 this office played an increasingly larger role in the development of Governmental statistical series. Even though armed with statutory and executive authority, the office has moved rather slowly toward influencing old-line agencies like the Bureau of the Census and Statistics. Nevertheless, its influence has become stronger as the staff has become more familiar with the intricate and delicate problems confronting the agencies. It is expected that key agencies of the government will depend on OSCAS for budgetary review and will permit the allocation authority to be exercised as required. The Director of OSCAS has moved carefully in assuming the prerogatives of his office, and this has been wise since a selling job was first required. ICA participant training at the U. S. Bureau of the Census for the Director, the Assistant Director and other staff members has been going on since September 1957. By late 1958, it is expected that this office will be at full strength and should be the major force in determining the direction of the statistical programs of the various governmental entities. By that time also, the office should be divested of all operational responsibilities generated by the Statistical Survey Project of 1955-1958.

2. Bureau of Census and Statistics.

This Bureau is a part of the Department of Commerce and Industry. As the central statistical collecting agency of the Government, this Bureau has the statutory authority to take surveys in all areas. Punitive provisions for non-compliance by respondents and for violation of confidentiality by census employees are included in the law. Further, the Bureau has the franking privilege and hence can conduct mail inquiries at small cost. Although originally intended as the central statistical agency of the Government, the Bureau of Census and Statistics was not assigned responsibility for specific statistical series by Congress and the President. The chief problem was the inability to secure sufficient funds to carry out the authorized work of the Bureau. As a consequence, at the commencement of the Statistical Project, the Bureau's appropriation was only about 200,000 pesos a year and great backlogs of work had accumulated. In addition, the failure to produce timely and accurate data caused other agencies, notably the Central Bank, to assume functions not normally considered within their province. In addition to the problem of significant omissions of needed

series, there was much criticism of the series produced by the Bureau. Where samples were used, they were not well-drawn; and reporting was frequently poor. Funds for follow-up were non-existent.

Active steps were taken to revitalize the Bureau at the inception of the Statistical Survey Project. Money was allocated for foreign trade and vital statistics; more employees were brought in; and finally the manufactures survey was given to the Bureau even though it was financed through the Project. Present plans indicate that PSSH, the PSSM, and other survey activities will be incorporated into the budget of the Bureau of Census and Statistics for fiscal year 1959. This would mean an annual budget of between 500,000 and 800,000 pesos without considering census preparatory funds and actual census expenditures.

Problems Facing Bureau of Census and Statistics

If the appropriations are made, a chief problem of the Bureau of Census and Statistics may be considered to be the matter of the incorporation of Project personnel into the Bureau's hierarchy. Here there is a matter of grades and salaries that must be adjusted. The post of the Deputy Director should be filled with an active incumbent, and a retraining and reorientation program instituted to develop the staff. Finally, an improved grade structure, as provided by the Wage and Position Classification Organization, will reduce inequities and improve morale. The Director of the Bureau is now approaching retirement age, and perhaps the next incumbent will be promoted from the PSSH organization.

A government-wide reorganization scheme which includes plans for reorganization of the Department of Commerce and Industry has been accepted by Congress for most agencies. At the time of my leaving, the scheme was not yet implemented by the necessary executive orders. The effect of this reorganization on the work of the Bureau of Census and Statistics is not yet perceptible but may have considerable influence since field work of the Bureau may be considered part of the work of another Bureau of the Department.

Another major handicap of the Bureau of Census and Statistics is the poorly equipped and antiquated structure in which it is housed. This is true for many other government agencies but is a particular handicap to the Bureau because of requirements of machine utilization, records, storage, and clerical working force. No plans now exist to erect or procure another building. Actually the PSSH operation is housed in an annex, but the machine section is located in the Bureau of Census and Statistics building.

3. Department of Economic Research - Central Bank of the Philippines.

This organization has the reputation of being the most forceful agency in the field of economic statistics. Manned by a capable and aggressive staff, the Department plays a key role in the Central Bank's management of the national monetary system. Until this year, the Department prepared the estimates of national income. Operating with non-appropriated funds as determined by the Monetary Board and the Governor of the Bank, the Department has attracted a

good staff of professional people, many of whom were trained in the U. S. A. Salary scales are higher than other government agencies; and hence the Department has managed to lure promising individuals from the Bureau of the Census, the OSCAS, the Department of Labor, and other important agencies. The Director of the Department, Mrs. Fanny Cortes Garcia, a capable economist, has indicated her desire to withdraw from the business of gathering and compiling source data as soon as the OSCAS, the Bureau of Census and Statistics, and the other agencies have demonstrated that they can supply the Bank with the data needed. Concrete steps to discontinue reporting by manufacturers to the Bank have already been taken since these are included in the manufactures program of the Bureau of Census and Statistics. Other steps will be taken as the government statistics program being guided by the U. S. team and the OSCAS becomes solidified. Close coordination and liaison has been maintained with the Department, and it will be necessary for the Economic Census Adviser to continue and strengthen this liaison.

4. Agriculture Economics Division of the Department of Agriculture and Natural Resources.

This division is charged with the responsibility of securing, compiling, analyzing, and publishing up-to-date statistics of farm production, livestock, farm operation, capital formation, agricultural prices and other associated data. The main food crop of rice is in constant short supply and estimates of rice production and forecasts of availability made by the Department form the basis of the Government's rice price and procurement program. Much work remains to be done to develop a mechanism which will produce authoritative production and forecast figures. Until the Agriculture Census of 1960, these steps will be interim and perhaps largely unsatisfactory. The need to establish base line data from a census is paramount since the present base line of 1948 is almost completely obsolete. A new sample should be drawn after the Census which will provide the basis for a new series on agriculture and livestock production. The Project has provided considerable funds to the Agricultural Economics Division and has been instrumental in improving its current data and making available previously unpublished statistics.

5. Department of Labor.

Within this department several bureaus and offices are concerned with statistics relating to manpower, employment, and labor law enforcement. The National Employment service has published a directory of establishments employing at least five people, and this directory has served as a basis of the Annual Survey of Manufactures. The quality of data produced by the Department of Labor has not been particularly good, and much work is required to improve the series now published as well as those contemplated. An important study relating to occupations is now in planning and is expected to be financed from South East Asia Treaty Organization (SEATO) funds. The project is being coordinated by OSCAS and has enlisted the support of the National Economic Council. Survey activities of the Department of Labor have not been supported by the writer since it is felt that the machinery of the PSSH and the Bureau of Census and Statistics should be utilized for field and processing purposes.

6. Bureau of Commerce - Department of Commerce and Industry.

This Bureau has been collecting and publishing data on prices and other economic indicators. The reorganization of the Department will distribute functions in other Bureaus and it is difficult to determine future direction of this segment of statistical activity.

B. Statistical Center of the University of the Philippines.

The Statistical Center was conceived as a joint Philippine-UN activity. It started operations in 1953 with the active advice of Dr. Meredith Givens. At the present time, 4 technical advisers from the UN are serving on the staff. The Statistical Center is essentially a training center for Philippine nationals in the statistical field. It conducts courses and carries out field and office projects which train personnel and provide needed research. In addition, staff from the Center serve as counsellors to Philippine government agencies in fields of statistical sampling and other technical areas. Mr. Satya B. Sen of the Indian Statistical Institute was responsible for designing the initial sampling plan for the PSSH. The Center runs classes largely in the evening and college credit is given. The formation of the curricula, the problem of securing competent faculty members, and the need to broaden the student participation are the very pressing problems facing the Director and senior UN adviser. The Statistical Team has worked very closely with the Director, the UN advisers and other staff members. We have looked toward the Center to provide the needed trained statisticians and some of these have appeared. More intensive and practical training is required in order to produce the reservoir of statistical staff needed in current operations and in the forthcoming censuses. The in-service training program of the Center also has great potential value. It is my belief that the UN will continue to provide advisory staff to the center especially in the field of statistical sampling. No mathematical statistician has been recruited as part of the U. S. Census Bureau team partly as a result of the presence of the UN expert. This has been generally satisfactory but should be considered if there is a change in policy and personnel at the Center. If the Census Project is implemented, then I would advise that the U. S. team definitely include a sampling man even though the Center does have a UN expert present.

III. CURRENT STATISTICAL PROGRAMS OF THE PHILIPPINES

Included in the scope of the Team's activities were the most significant statistical activities of the Philippine Government with the exception of those Central Bank functions relating to the management of the monetary system and those statistical activities relating to regulatory and enforcement agencies. In fiscal year 1957, the list of statistical sub-projects carried on directly by the Project organization was somewhat longer than in fiscal year 1958 when some functions were included in the regular departmental activities of the agencies concerned.

A. Statistical Survey Project.

1. Philippine Statistical Survey of Households (PSSH).

This activity may be considered the keystone of the Project. The organization which conducts the survey and bears the same name is physically housed in a separate building, but its machine tabulation section is located within the building housing the Bureau of Census and Statistics. The PSSH is supervised by Mr. Perfecto R. Franche, an able and experienced statistical worker who had seen long service in the Bureau of Census and Statistics and held an important position in the last national census of the Philippines in 1948. Mr. Franche, like his chief assistant, Mrs. Lagrimas Abalos, was trained at the U. S. Bureau of the Census in 1954-1955.

For administrative and technical reasons, the Philippines were divided into 10 regions including Manila and suburbs as a separate region. Regional supervisors were carefully selected by Mr. Franche and the Acting Chief of the U. S. Statistical Survey Team from a long list of candidates. These supervisors are responsible for all phases of the survey in their respective regions including hiring of interviewers, publicity, training, administrative arrangements, supervision, quality check, and technical functions associated with the subject matter of the various periodic surveys. During each of the survey cycles, the central office in Manila provides certain professional employees to conduct specified lectures and aid in the instruction of the more difficult concepts involved in a particular enumeration. Also, the members of the U. S. Team travelled extensively during survey periods and participated actively in the pre-enumeration and during enumeration phases. Initially, some personnel were borrowed from other government agencies which were concerned with certain aspects of the survey.

The first survey was taken in May 1956 and four more surveys were taken in October 1956 and March, May, and October 1957. Another survey is planned for May 1958. The first survey had originally been planned to include basic demographic items plus a detailed list of questions relative to the labor force. However, the paucity of available data on income, expenditure levels, housing, and cottage industry caused queries on these subjects to be included. Data on income and expenditures were included for study, and in March 1957 a comprehensive survey was carried out for income and expenditures along with the demographic and labor force items. The October 1957 survey included the labor force complex of questions as did that of May 1957 plus other items carried the previous year which accordingly permitted a study of year to year changes. The October 1957 questionnaire again resembled earlier ones but with some refinements in the questions.

While conceived largely as a quarterly survey, the comparative lack of change in the country's socio-economic status from quarter to quarter and the costliness of each survey operation indicated the advisability of semi-annual surveys. This policy became effective in the present fiscal year.

Design of the Sample

While not stressing any particularly new principles of sampling, the survey is an entity which is expected to supply an increasing flow of

economic and demographic data for government and private consumption. The sample design used is a three stage one and produces about 6,000 enumerated households from 145 municipalities, 299 barrios, 145 poblaciones, and 58 provincial capitals and cities. The formation of 10 regional divisions of the Philippines was made in advance of the other geographic selections. These divisions considered ethnic characteristics, language spoken, economic activities, climate, major crops grown and other factors.

Even though the sampling plan does not present statistical innovations, it is significant to point out that methodical controlled operations inherent in any successful sampling scheme have been followed in this survey. In the Philippines, like in many other of the lesser developed countries, the difficulties of inaugurating and carrying a national sample survey were compounded by geographic problems, poor transportation facilities, some law and order problems, and the use of numerous dialects. Further, the need to create a new survey staff with only a few adequately prepared and trained people, was an initial task beset by many difficulties. The establishment of the Philippine Statistical Survey of Households on a continuing basis has been a source of real gratification to the members of the U. S. Census Team and to our Filipino colleagues. Even if the present survey is ultimately discontinued, as it might be for budgetary reasons, the existence of a well-trained organizational staff will have incalculable benefits to future census plans and other future statistical programs of the Government.

Periodical Data Provided

One real substantive contribution made by the survey is that data on the labor force are periodically provided. While many of the concepts used initially were based on U. S. and Western experience, recognition of Philippine conditions required that new definitions be formulated. For example, the bare reporting of hours worked and the use of these data as a basis of determining unemployment revealed less than the full picture of employment and underemployment. The use of family workers, especially in the rural section, is certainly widespread, and the fact that the number of hours worked is most difficult to obtain by interview, tends to further obscure data utilized in the determination of optimum employment. One proposal in which the writer has become interested suggests that underemployment be considered and evaluated as part of the study of household income. This type of treatment would imply the acceptance of the family unit as a labor force unit with specific criteria of household income level classes set up for various sized family units.

Publications have been released giving results of the survey and more of these will be forthcoming. Initially, the reliability of the results as indicated by the coefficient of variation ran a bit high, i.e., 3.46 percent for total population. However, after improvements in the sample were installed, this variance was lowered to about 2 percent. The size of the sample still precludes publication of most of the data for areas below the national level but nevertheless, these data are still useful for many purposes.

The PSSH has been set up as the principal statistical vehicle for gathering data from households and in my judgment has enough roots and maturity

to continue operating in the foreseeable future. The big "if" is, of course, the continuity of funds.

2. Philippine Statistical Survey of Manufactures (PSSM).

This survey was first conducted early in 1957 to cover the activities of manufacturing establishments in calendar year 1956. It is intended as an annual survey with possibly quarterly supplements and is aimed at securing data on employment, earnings, production, materials consumed, value added, financing, capital formation and other data. Publication is expected early in 1958. This survey is directed to all manufacturing establishments with 20 or more workers and to a sample of establishments with 5 to 20 workers. The survey to collect 1957 data will be conducted early in 1958. Essentially a mailed survey, the manufactures study has had singular success in securing a high rate of response. Many agencies of the Government are looking toward the survey for basic data needed in national income estimates and in many short and long-term planning activities. The major manufacturing activities are centered in the Manila area and the other large urban centers like Cebu, Iloilo, and Davao, and the organizational structure of the PSSH is utilized for follow-up purposes. A major problem of poor or indifferent quality of responses will exist for a long time and efforts to improve quality must be continuing.

3. National Income Estimates.

Since the inception of the formal national income estimating procedures, this function was carried on by the Department of Economic Research of the Central Bank. However, during the past 2 years an agreement was made between the National Economic Council and the Central Bank to place this function in the National Economic Council. Accordingly, a branch was set up within the OSCAS; a training program was started; and estimates for 1957 will be prepared in this branch. This transfer was generally considered wise since the function of preparing the national income estimates was not a part of the management of the monetary structure and because the Bank was not equipped to provide much of the source data required. Late in 1957, the United Nations provided a national income adviser to work with the national income branch of OSCAS.

4. Agriculture Statistics Project.

The responsibility for producing agriculture statistics rests with the Department of Agriculture and Natural Resources and specifically with the Division of Agricultural Economics. The chief source of data has come from the annual crop and livestock survey which produces a variety of farm information collected from a sample of about 12,000 farm households. Much work is required to improve these data, including sample redesign, improvement of quality of response, accelerating publication, and providing smaller area data. Under the statistical project, other survey activities were commenced in efforts to provide vitally needed data. These include prices paid by farmers, costs of production, capital formation in agriculture, and rice milling recovery. The ultimate use of these data will depend on program requirements of the Government as well as the work progress in achieving optimum techniques at lowest costs. Even at this early stage, the provision of data for national income estimates has been a tangible result of the capital formation study.

Agriculture costs of production data will continue to provide pertinent information which the nation's farm managers will find useful. In the area of Agricultural statistics, liaison was maintained with Clark Milligan of USOM and the FAO statistician, Hugh Fairfield-Smith.

5. Vital Statistics Project.

Efforts in this area were directed to reducing sizable backlogs of unprocessed birth and death certificates. The establishment of a modern system of population estimating and forecasting will inevitably follow. The vital statistics function is a part of the responsibility of the Director of the Bureau of Census and Statistics who also is the Civil Registrar. In this area of statistics our statistical team worked very closely with Frank Morrison of the USOM who was the statistician attached to the Health Division of the Mission.

6. Foreign Trade Statistics Project.

The chief problem with respect to the foreign trade statistics relates to the fact that two government agencies, namely, the Bureau of Census and Statistics and the Central Bank, are separately collecting and compiling data on imports and exports. This naturally occasions differences and of course adds greatly to the total costs. Efforts have been made to have the Central Bank refrain from this activity but cannot be successful as long as the Bureau of Census and Statistics cannot guarantee prompt and accurate reports. Such guarantees can be made when adequate funds are provided by the Congress. Looking toward this provision, improvements have been made in processing techniques; classification of items has been standardized; and large backlogs of unprocessed data have been liquidated. This is another example of the case where the Central Bank went into the collection and compilation business because it needed prompt data and because other agencies of the government could not meet the Bank's requirements. The resulting duplication has hampered the statistical program. It is hoped that the Economic Census Adviser will continue to work toward the elimination of this duplication.

7. Nutrition and Dietary Survey.

Funds and technical advice were provided to the Institute of Nutrition which enabled this organization to take sample surveys in selected households in order to study nutrition and dietary deficiencies of the population. A follow-up in sampled households by a biological and medical team was also included in the program. Close liaison was maintained with a U. S. Army team of technicians who conducted a nutrition and biological study in Philippine Army installations and who consequently aided the Institute of Nutrition in their own work.

8. Mapping and Census Preparation.

Basic maps and other essential source materials required for the next census of the Philippines are being assembled and catalogued. Other census

preparations will commence in 1958, including the submission of legislation, the establishment of a budget, and the formulation of a timetable. Also during the year, the first census pretest is expected to be taken. During this year, considerable work will be done by the U. S. team in assisting the Philippine Government with its census preparations.

B. Other Statistical Activities

There were other statistical activities of the Philippine Government that required the advice and efforts of the statistical team. These include the base line study of Community Development barrios; the extension of a retail and wholesale price collection system; the formulation of an index of cost of living; the further development of labor statistics series; the commencement of a manpower program as required by the Government, the United States Operations Mission, and the South East Asia Treaty Organization; and the orderly coordination of statistical activities among the various agencies of Government by the Office of Statistical Coordination and Standards. These survey activities are not financed from project funds generally, but are considered part of the whole structure of Philippine Government statistics. The influence of the U. S. advisers upon these programs is and can be manifested in many ways. Much depends on the individual initiative of the members of the group. The OSCAS scheduled frequent conferences, and these presented an excellent opportunity for the advisers to become apprised of program objectives and details of operations.

IV. REQUIREMENTS OF THE UNITED STATES OPERATIONS MISSION TO THE PHILIPPINES

USOM/ICA has a considerable program in the Philippines. The Director and top staff people have looked toward the statistical team to produce reliable data especially useful for economic developmental planning. While given extremely wide latitude in the program it followed, the team received quite a few requests for specific data from the USOM. These requests became cumulatively heavier after the departure of the USOM statistical adviser, Sophya Balicka. In my briefing sessions at ICA, I advised that consideration should be given to the employment of a statistician directly by the Mission who could be apprised of statistical activities, know of the existence of certain data, and make visual presentations required by the Mission. No advisory function to the Philippine Government would be included.

Within the USOM, the statistical team is located administratively under the Public Administration Division. The Chief of PAD has taken considerable interest in the work of the team especially with respect to the phasing out plan this year and to the plans for a 1960 Census Project. This interest, I believe, is most healthy and indicates the concern being felt with respect to the need for the continuance of some kind of technical assistance in statistics.

V. DECENNIAL CENSUS PLAN

In connection with a proposal I submitted to the Philippine Government and to USOM, a plan for a Census Project Agreement between the ICA and the

Philippine Government was drawn up and presented. As indicated by Philippine delegations to the Economic Commission for Asia and the Far East (ECAFE) statistical conferences, the Philippine Government is expected to undertake a national census in 1960. The last national census was taken in 1948 and the requirements of government planning and operation plus the provision for legislative apportionment indicate the great need for a new census. An ICA/Philippine Government project is proposed as a mechanism of supplying technical and material assistance to the Government of the Philippines during a major portion of the period 1958-1962 so as to insure that the preparation, enumeration, and compilation activities are carried out expeditiously, accurately, and at least possible cost. The U. S. assistance program would be manifested by the following:

1. Technical assistance by a team of 4-6 experienced statisticians from the U. S. Bureau of the Census would be supplied during the planning, enumeration, processing, and publication phases of the census.

2. Participant training in census methodology would be offered to a qualified team of 4-6 Filipino employees of statistical agencies at the U. S. Bureau of the Census.

3. Financial support would be given to the Bureau of Census and Statistics to be utilized for the purchase or rental of selected machine equipment and certain statistical supplies not generally available in the Philippines.

A total sum of approximately $370,000 is estimated for U. S. technical assistance for the 4-year program. The Philippine Government will provide funds to meet all operating expenses of the census including preparatory, enumeration, processing, compilation, and publication costs. These costs are estimated at 13,000,000 pesos.

Inasmuch as new legislation is required to conduct a new census, the Director of the Office of Foreign Aid Coordination has indicated that submission of a Census Project Proposal by his Government to the ICA must wait until the proposed legislation had been made a law. Hence, no action on the project proposal is expected before May 1958. However, in order to accelerate one vital portion of the proposed project, namely participant training, it was suggested that 5 Filipino participants be included in the 1958 PPA with their arrival at the U. S. Bureau of the Census scheduled not later than September 1958. This plan would insure that the participants would be back in Manila in time for major census preparations. I do not know whether this 1958 PPA plan has been adopted.

To insure maximum benefit of a training program, it is proposed that the participants be sent as a team with specific responsibilities delegated to the individuals. Training could be directed along the lines of work to be done upon return, and detailed projects relating to the Philippine census could be carried out under expert U. S. technicians.

VI. PROBLEMS

Some of the major problems relating to the Statistical Project and the developing Philippine statistical program have been discussed in the foregoing. The bare mention of problems with respect to space and housing may suffice to indicate that the Filipino officials concerned and the advisory staff are aware of these and are trying to overcome them.

The major problems remain financial and this is common to most countries. I believe if the Congress appropriates sufficient funds to continue the major elements of the statistical program in fiscal year 1959, then it would be reasonable to expect a normal continuance in subsequent years. Technical difficulties will continue to test the mettle of the statistical hierarchy especially during this formative period of program development. Included in the heading of technical problems is the very difficult area of determination of concepts and definitions. This is almost a continuous process but much more accelerated in the early stages of program development. Conceptual and definition problems exist both in the demographic and economic areas. The continuous development of centralized IBM operations leading toward optimum use of equipment will occupy staff for a long time. More key people need to be trained in this area since the burden of census and current operations will get heavier.

A very real problem of amalgamation of the PSSH into the Census Bureau must be met and overcome. This problem involves grade structures, displacements of personnel, and delicate personal relationships in the Bureau of Census and Statistics and the PSSH organization.

A continuous in-service training program should be maintained within the various agencies and at the same time real attempts should be made to recruit the better students of the Statistical Center into statistical agencies. This will require close liaison between the statistical agencies of the Government and the staff of the Center including the UN advisory staff.

Much work remains to be done in the area of quality control both for censuses and current programs.

TERMINAL REPORT

of

Juliet A. Jones
Labor Force Statistics Advisor
June, 1958

I. INTRODUCTION

A. Need for Applicable Statistical Information

In mid-1946, the Philippines started on its present experiment in self-government. Though a considerable body of information relating to its people and their activities had been assembled in the past, much of this had been made obsolete by the dislocation of the Second World War and its aftermath, which increased the need for information on a current basis.

In 1948, the most immediate needs were met by information supplied by the Census of that year. That Census was modeled almost exactly after that of 1939 as a result of the urgency for information needed to implement the new government.

The inadequacy of this information in meeting the problems confronting the government was increasingly recognized, and the decision was reached to revamp the various parts of the statistical machinery of the government into a coordinated statistical system, incorporating provision for basic information of various types on benchmark and current bases. The planning was not limited to the governmental statistical system. Its scope also included the establishment of a Statistical Center to provide facilities for training in statistical fields and experimentation in statistical methods, as well as to serve as a focal point for wide academic interests in these fields. The Philippine Statistical Association also played a part in the new approach to the statistical problems of the country, providing, as it does, a meeting ground for persons from business as well as governmental and academic circles.

B. Development of Coordinated Statistical System

By early 1958, the government had made commendable progress in its efforts to fashion a statistical system which is responsive to the various needs for information. The keystone of this system is the Office of Statistical Coordination and Standards (OSCAS), currently a part of the National Economic Council, with broad responsibilities for the development and coordination of statistical activities throughout the government structure. OSCAS is staffed with an able group composed of persons with administrative backgrounds as well as high competence in technical fields. This organization has re-examined and strengthened existing statistical activities and new undertakings have been successfully launched. Notable among the latter is the Philippine Statistical Survey of Households, an organization developed

under the auspices of OSCAS to provide a continuing means of obtaining information on a household basis. The Statistical Center, very much a going concern, is continually widening its services and activities, and the Philippine Statistical Association is an increasingly active part of the picture.

In addition to these entities, each of which makes a real contribution to the successful operation of a growing statistical system, the press is increasingly concerning itself with the problems of statistical organization, the needs for statistical information, and the dissemination of information already available.

Though tremendous progress has been made in the brief period since the Philippines took over the ordering of its own affairs in their entirety, this progress has not been attained without growing pains, nor will the future be free from them. Though there is general recognition of the need for knowledge of various sorts which can be provided by statistical means, there are the usual difficulties in evolving a logical concept of the place of the various parts of the statistical system within the over-all structure of the government, and of implementing plans once formulated. Problems of providing legal bases for proposed actions and of financing proposed activities in such a way as to maintain continuity remain to be confronted.

II. THE PHILIPPINE STATISTICAL SURVEY OF HOUSEHOLDS

A. General

The Philippine Statistical Survey of Households was originally planned as a quarterly activity. In actual practice, it has not adhered to such a schedule. The survey has operated five times, in May and October of 1956, and March, May and October of 1957. Future plans call for a survey in May 1958 and two surveys a year thereafter.

A standard set of questions designed to determine labor force status were carried throughout the period, and present plans call for their retention in future surveys. At each survey period, questions in other fields are added to the basic schedule, since the survey is a vehicle for the collection of all types of information which can be obtained through the household interview method.

B. Field Organization

The administrative problems involved in the setting up of a field organization capable of reaching into every nook and cranny of the Philippines were enormous. It is a country composed of many islands in which approximately ninety dialects are spoken. Transportation facilities in some parts of the country present major difficulties, with weekly boats the only available transport in some areas, and long treks on foot the usual means of access to some remote areas which fell in the sample. Communications between the central and field office were in some instances difficult and slow, and the "peace and order" situation created special

problems in others.

1. Regional Supervisors

It was incumbent upon the ten regional supervisors to go to their respective regions, make arrangements for office and training space, if possible without charge to the government, make arrangements to recruit enumerators, assemble them in a training center, supervise the actual enumeration while in progress, assemble the completed schedules for forwarding to the central office, all on a demanding time schedule. The difficulties were increased because, as a matter of policy, the enumerator in each sample area was, wherever possible, a resident of that locality. All of these steps were successfully taken, and it was indeed a red-letter day when the last of the schedules reached Manila.

2. Field Staff

The field staff has operated smoothly throughout the life of the project, meeting the problems and emergencies which arise with remarkable flexibility and regard for the integrity of the sample. Some of the most time-consuming and demanding problems have been the delimitation of exact boundaries of the sample areas, the operations involved in the splitting of sample areas found to be too large as originally selected, and the necessary adjustments when a whole sample area was wiped out by a disastrous fire on the eve of enumeration.

C. Concepts and Definitions

In the first survey, the primary interest lay in determining the general magnitude of the employed and unemployed groups and their relationship to those not in the labor force. In succeeding surveys, emphasis has shifted to attempts to isolate certain types of underemployment, particularly "visible underemployment" and "disguised underemployment".

1. "Visible Underemployment"

In the attempt to develop information on "visibly underemployed", questions as to the desire for additional work and number of additional hours work desired had been added since the original survey. These data have been organized to show the magnitudes of two groups among the employed, as follows:

a. Those who reported they did not wish additional work and those who, although wanting work, had actually worked at least a minimum number of hours during the survey week.

b. Those who reported they did want additional work and who had worked less than a minimum number of hours.

2. "Disguised Underemployment"

The survey has collected three major types of information which have bearing on various types of "disguised underemployment".

Perhaps the most generally useful of these three is the information on class of worker. In May 1956, paid workers represented only a little more than one-fourth of total employment. This group includes a large number of workers paid only in kind, particularly in agriculture. The largest single group was the self-employed having no paid employees which represented about forty per cent of the total including many workers whose employment is distinctly marginal in nature, while unpaid family workers accounted for more than thirty per cent of the total.

Industrial and occupational data collected revealed that of a total working force in May 1956 of 8.3 million, some 1.1 million were attached to manufacturing. Almost two-thirds of this group was made up of female workers, many of whom are engaged in activities resulting in very little financial return such as mat weaving and the home preparation of foods for sale. Among the eight hundred thousand workers in commerce there are large numbers of street salesmen and hucksters, occupations into which people unable to find more remunerative work tend to gravitate.

Information on the number of weeks worked during the year preceding the surveys was collected in several of the surveys. This information indicates that the number of persons employed during most of the year falls substantially below the number reported as employed at any one time during the year. Many persons are apparently employed for only a few weeks during the year and comparatively few have what may be considered as substantially "full-time" employment on an annual basis. Attempts are being made to sharpen this indicator by asking not only the number of weeks during which any work was done, but also the number of weeks during which the respondent had at least 35 hours of employment.

3. Exchange Labor in Agriculture

Among the conceptual questions confronting the survey was the treatment of exchange labor in agriculture. Under this system, workers from a number of households band together to complete the work on a single farm. No payment is made by the farm operator to the workers from other farm families, but he is morally bound to give an equal number of days work on the other farms whose workers are involved. Since the instructions to enumerators did not originally include specific reference to this type of organization of the agricultural working force, the enumerators did not consider wuch workers as employed for no payment was involved. The matter was referred to a committee, organized by OSCAS for considerations of such questions, and it was agreed, after prolonged discussion, that such workers should be considered as part of the agricultural working force. Since the size of the group involved was unknown, questions were added to the schedule in order to isolate the group and to determine their distribution by geographical region and type of agriculture.

The exchange labor system is known to be much more prevalent in some areas than in others.

4. Criteria for Being Amongst Employed

It should be observed that the survey has not as yet set any limits in terms of number of hours worked as a screening device for inclusion in or exclusion from the employed group, though there has been active discussion of the question. A minimum requirement of at least fifteen hours work in order to be accepted as unpaid family workers has been seriously considered. Use of a minimum requirement for other types of employment has also received some attention. It is recognized that the screening system now in use tends to spread a very wide dragnet which throws a maximum number into the employed group.

The labor force status of members of farm families during the different parts of the agricultural cycle has presented conceptual difficulties, particularly in the case of those who report themselves as "waiting for the rains" or "waiting for the rice to ripen". Currently, farm operators, either owners or tenants, who report in this manner are considered to be "with a job but not at work", a category included among the employed, while persons who function as unpaid family workers on farms are excluded from the employed group during such periods.

5. Limitations of Household-type Survey

The survey is limited to persons living in households, and no attempt has been made as yet to broaden its scope. There is at least one large group of workers which is migratory, a large part of which is not found in households. Conceptual and operating difficulties have been experienced with respect to such groups.

One of the problems to which attention is currently being given is that of place of residence, and criteria for household membership. Neither the de jure nor the de facto method is used, but what is known as "the thirty day rule", under which inclusion in or exclusion from the household is determined partly on the basis of intent to return to a household from which absent at the time of the survey.

Estimates of the total number of persons not found in households vary widely, and the question comes up frequently in attempts to estimate the current population and to project it into the future. A study in which information on individuals and households was matched for the five surveys indicates that the number of people moving into and out of households is very high. This may mean that the number of persons not found in households under the concept of household membership currently in use is higher than is generally assumed. The approaching Census of 1960 and the problems attendant upon its use as a benchmark for continuing current population surveys on a sample basis make this a question of considerable import.

The use of labor force techniques in countries in which industrialization has not yet seriously affected the dominance of agriculture has been subject to question for many years. The subjective nature of the phenomena under observation is clearly recognized, and the limitations inherent in the use of such concepts in economic systems differing from those in which this specific complex of ideas was developed are constantly under study. Though admittedly deficient in a number of respects as an exact measuring device of economic and social phenomena, experience in the Philippines would seem to indicate that the basic framework does provide a feasible method of obtaining needed information at reasonable cost. The PSSH can obtain information on magnitudes of selected groups at any one time, and provides a means for noting changes in characteristics from one time to another. In the opinion of the writer, this basic structure should be retained at least for the time being, and attempts at refinements in troublesome areas should be framed with those concepts as background.

D. Recent Developments in Sampling

1. Rotation Pattern for Households

One of the problems which has been under consideration for quite some time is that of the rotation pattern for households in the survey. Half of the households had been retained through all of the five surveys, and there is some evidence that the practice of holding households in the sample is affecting the nature of the responses. Morris Hansen, Assistant Director for Statistical Standards of the U. S. Bureau of the Census, during his visit to the Philippines, urged that a rotation pattern be developed and implemented as soon as possible.

2. Uniform Sampling Ratio

Another matter with respect to the sample which is under discussion is the possibility of developing a uniform sampling ratio for all types of areas. Currently the tabulations must provide data separately for Metropolitan Manila, provincial capitals and chartered cities, poblaciones and barrios, and each segment must be computed separately for each table. If it is not possible to arrive at a single "blowup" factor, it has been suggested that operations would be substantially simplified if "blowup" factors which are multiples of each other could be adopted. It is undoubtedly true that this factor is a substantial stumbling block in the effort to speed up operations and provide the data on a more timely basis.

E. Seasonality

1. Complete Data Not Available

There are undoubtedly seasonal fluctuations in the behavior of the labor market in the Philippines. Some indications of the nature of these fluctuations have already been obtained, though much more data would have to be obtained before a reasonably reliable pattern may be discernible. It would be of tremendous interest if monthly data from an abbreviated schedule

could be obtained for a single year. Another approach to this problem currently under consideration is the development of a work history schedule covering activities throughout a period of six months or a year.

Two indications resulting from the study in which households and individuals were matched for the five surveys which might profitably be followed up, relate to supplementary or multiple sources of income in different seasons and the behavior of women in agricultural households with respect to the labor market.

2. Turnover Rate for Women

Though the turnover rate for females is typically higher than that for men, it seems that the rate for females is probably as high or higher than that for any country for which such information is available. The matching study in which labor force status of individuals was secured for all five surveys indicated a very high rate of movement into and out of the labor force. This is particularly true of women in agriculture households who tend to become unpaid family workers during the planting and harvesting seasons and to report that they do not want work at other seasons of the year.

F. Year to Year Comparisons

1. May 1956 and May 1957 Data

The May 1957 survey provided the first data on a year-to-year basis. The value of the data was obscured by changes in technique and the general improvement in field operations. The startling changes were in the number of women among the unemployed. There is some evidence that the enumerators may have tended to have the impression that all persons physically able to work should want to do so and this impression was perhaps strengthened by the fact that housekeeping duties were not included specifically as a reason for not wanting work in the May 1956 survey. In subsequent surveys, housekeeping was specifically included as a legitimate reason for not wanting work, and it was made quite clear to the enumerators that there must be a real desire for work.

2. October 1956 and October 1957 Data

The validity of the October-to-October comparison was seriously affected by the fact that enumeration took place during the week in which the flu epidemic was at its height. Many persons reported that they did not want work because of the flu, though temporary illness was not considered a valid reason for such an answer. The number involved was so large as to constitute a serious problem in tabulation and presentation. The next opportunity for showing year-to-year change will be provided by the coming survey in May 1958, and it is to be hoped that no unusual factors will again arise.

3. Timing of Future Surveys

There has been considerable discussion as to the timing of future surveys. It has been pointed out that May is a month in which the survey results reflect the situation as it exists during school vacation, and as such is perhaps not a good choice, particularly if the survey becomes a semi-annual undertaking. As in other countries using the labor force technique, both employment and unemployment tend to show decided increases during school vacation.

G. Presentation of Data

1. Variation in Male and Female Patterns

As in other countries using the labor force techniques, the patterns reflecting the activities of women with respect to the labor market are quite different from those for men. Users may easily lose sight of these differences, and in using totals for both sexes, arrive at erroneous conclusions. In planning future publications, it would be wise to consider means of encouraging study of the two sets of data separately.

2. Geographic Detail

Also under consideration is the question of the geographical detail which should be incorporated in the standard tabulating and publication plans. The sample design is based on ten regions, of which metropolitan Manila is one. No data on a regional basis have as yet been published, and the October 1957 survey is the first for which a substantial tabulating program for the regions was provided. These tabulations have not yet been subjected to tests of their technical adequacy or study of their usefulness.

To date, published information is limited to data for the Philippines as a whole, with some tables presenting data for urban and rural components. For some purposes, such a distinction is of limited usefulness, since many areas which by definition are considered urban (i.e. poblaciones and provincial capitals) have more in common with the so-called rural areas than with the metropolitan areas of Manila and other large cities.

Since the data for Manila are too unlike that for the rest of the country in so many respects, there is considerable pressure to publish these separately. The sampling design and tabulation procedures make it possible to do this at minimum cost.

3. Farm and Nonfarm Employment

Originally some tabulations were prepared showing farm and nonfarm households and the individuals therein separately. This distinction also has its limitations. Cultivators of the land do not normally live on the holdings cultivated with resulting difficulties in definition. Classification of households in which members derive income from agriculture as paid workers has raised serious questions as to the purposes for which such

data are needed.

H. Household Income and Expenditure

1. Data Collected

With the possible exception of the information on the labor force, the data on income and expenditures collected by PSSH were of most general interest. In the initial survey of May 1956, an experimental survey in this field was run, covering all households for income, and twenty per cent of the sample for expenditures. The resulting schedules were carefully studied and the results submitted to intensive scrutiny to provide a basis for the development of a satisfactory technique in this extremely complex field. Persons from various groups participated actively in schedule design and tabulation planning. Originally, only summary tabulations were contemplated, but the plans had to be expanded to provide for tabulation of detail on expenditures as well. Much interest was expressed in other kinds of information available on the schedules such as regional patterns of corn and rice consumption; the relationship between rice produced, consumed, bought and sold by individual households; the use of income and family size as an indication of underemployment; and the financial relationships existing between landlord and tenant. All of the requests had to be screened for feasibility and the probable reliability of results evaluated.

2. Cost versus Usability of Data

The coordination of schedule design, manual and machine operations presents peculiar difficulties in this field. Costs versus usability of the data for the multitude of purposes in which the results are utilized must be assayed. It may be that the plan finally adopted over-emphasized usability to a point not justified in terms of cost. This is one type of question which should be under continuous review in a live statistical system. Household income and expenditure data have an extremely wide area of application--from the over-all accounting of the nation's economic activities as reflected in estimates of national income and gross national product to the minutiae necessary in evaluation of the daily diet of its citizenry.

This area was the most time-consuming and expensive of all the activities undertaken by the survey. The results will probably stand as the definitive data in the field for some years to come. The first tabulations on both income and expenditures had been prepared and appear to justify the time and effort involved. Gross tabulations of the two had not yet come off the machines.

I. Personnel and Training

1. PSSH Personnel and Equipment

The PSSH has been fortunate in its ability to hold its personnel. Though there have been some losses, all ten of the original regional supervisors remain, and the morale of the staff as a whole is excellent in spite of uncertainties as to the future. The rate of turnover among enumerators

has been surprisingly low although this activity furnishes only brief periods of employment at irregularly spaced intervals.

The PSSH has, however, recently lost its excellent machine tabulation supervisor to private industry. His loss will be greatly felt. The machine tabulation unit carries a very heavy load, since it is taking on more and more jobs for other agencies. Some of the jobs are quite complex, and in most cases the planning and layout work has to be performed by unit personnel. The unit, which started from scratch in 1956, has done an excellent job in spite of rather limited equipment and difficulties in obtaining and retaining competent personnel.

It would be highly desirable if some method could be devised to obtain the services of such highly competent personnel as the ex-machine tabulation supervisor on a consultant basis. Such a plan would provide a flexible arrangement under which the services of highly trained personnel could be more adequately utilized on various undertakings in which hard-to-secure skills are needed.

There may be a major problem in holding the staff of PSSH together so that its personnel may serve as the nucleus for the 1960 Census. It is to be hoped that the trend toward work on a contract basis for other agencies will continue. The Survey of Community Development is a major undertaking, involving practically every unit of the PSSH, and there may be a quite large program in labor supply and related fields to be financed from South East Asia Treaty Organization funds. The proposed program consists of some twenty projects, a number of which are of a type which PSSH is excellently equipped to handle. Negotiations toward this end are already under way.

At one time there was a proposal to make provision for financing additional equipment with ICA funds, though it has not materialized. Obviously, additional equipment will be vitally necessary in connection with the proposed Censuses of Population and Agriculture in 1960, and every effort should be made to insure installation in time to meet these heavy loads.

The Office of Statistical Coordination and Standards has been less successful in retaining personnel than has the PSSH. Recruitment and retention of personnel of high competence in the various fields of statistical activity with which it is concerned has been a major problem, and will continue to present difficulties.

2. Opportunities for Training

Many opportunities for participant training in other countries have been provided for members of the OSCAS staff and other statistical agencies of the government. No members of the PSSH staff have as yet had such opportunities since the beginning of project activities, largely because it was deemed more desirable to keep them on the job during the formative period of the organization. However, it is now proposed that five or six persons, whose functions in the 1960 Censuses have been clearly demarcated, should come to the United States for training in the Census Bureau.

No formal in-service training activities had as yet been set up by the PSSH for its staff, though the possible content of such courses has been under discussion.

Although first draft of tabulation plans for the first survey was drawn up by the statistical team, members of the PSSH staff took over increasing responsibility for this activity. However, the statistical team continued to play an active part in the development of processing and tabulation planning in fields not covered in previous surveys. From the first, all drafts of manuals of instruction were prepared by members of the project staff responsible for the various operations, with the assistance of team members in the coordination of the various steps. The project staff quickly developed into a well-coordinated group which is capable of speedy development of job layouts for new undertakings as they materialize. This ability was demonstrated in connection with the large Survey of Community Development, in which case PSSH serves as agent for the government agencies primarily concerned.

III. OTHER

A. United Nations Pilot Study in Demography

The United Nations has initiated and is carrying on a pilot study in demography and labor force statistics. One demographer from the United Nations spent six months in the Philippines to assist in getting the project under way and to draw up a tabulation plan utilizing available data not included in the original tabulation plans. After his departure, the study was carried on for some months by PSSH staff in preparation for the arrival of a second demographer who reached the Philippines in November 1957. Much of the work is done in the New York office, to which the tabulated materials are sent for analysis.

Among the results of the pilot study will be projections of the total population to the year 1975, and analysis of the effect of selected social and economic characteristics on labor force participation rates. The results of the project are awaited with considerable interest both in the Philippines and elsewhere. The Philippines was selected for this pilot study partly because of the unusual facilities and breadth of data available in the PSSH.

The annual rate of population increase is a matter to which a great deal of attention is currently being directed. The annual rate which was obtained between the Censuses of 1939 and 1948 has been used as the official estimate of the rate of increase. There are a number of indications that this rate (1.9%) is substantially lower than the actual rate. The United Nations has been doing quite a bit of work on this question, and though still in progress and no official estimate has yet been released, there is every indication that it will be quite substantially higher. Frank S. Morrison, ICA consultant on Vital Statistics, carried on a number of studies using available vital statistics and arrived at the conclusion that the rate might be as high as 3.3%. The fertility data from the May 1956 survey, the number of persons under one year of age from all the household surveys and the application of survivor rates to five year age group data from various sources

all indicate that the rate must be substantially higher than has been assumed. The implications of a decidedly higher rate are recognized in many quarters.

B. Relationship Between PSSH and the Statistical Center

The relationships between PSSH and the Statistical Center are particularly worthy of comment. The Center assumed the responsibility for development of the original sample design, and gives its attention on a continuing basis to problems arising in this specific field in collaboration with the excellent sampling technicians on the PSSH staff.

Many of the project staff are attending classes at the Center, and they, as well as other students there, make substantial use of the facilities provided by PSSH. (In fact, some of the PSSH staff carry on such heavy programs of study at the Center that it might be well to encourage more limited programs of academic activity.) Experience gained in PSSH operations has been used as the basis for preparation of term papers and theses, and specialized data, particularly that developed in connection with the Pilot Study in Demography, have also been utilized for such purposes. The survey has assembled a great deal of information which has not been organized, and some of the advanced students have been assigned to work in these fields. A notable example of this trend is concerned with the data on fertility which were collected in May 1956 and on which almost no analysis had been made.

Personnel from other countries of the region are coming in increasing numbers to take advantage of the opportunities for observation and study offered by the two groups, and the coordination of their activities in this respect is excellent.

In addition to its established activities, the Statistical Center is now conducting in-service training for statistical personnel from private businesses and government corporations, drawing on all available resources, including the Statistical Team, to staff the courses. This activity is having an enthusiastic reception.

WATER TRANSPORTATION*

by

Foster Knight
Customs Advisor

WATER TRANSPORTATION is a very broad subject and I could not begin to do justice to it within the limits of one short address this evening. However, I shall attempt to touch briefly on some aspects of it, which I think will be of particular interest to you as members of the graduating class of a distinguished nautical school. Incidentally, I hope the customs brokerage graduates amongst you will not feel slighted for my having chosen to dwell on the subject of water transportation. In any event, I would like to pause for a moment to pay tribute to the professional customs broker who plays such an important part in the economic life of your country. I know there are those who regard him as a virtual parasite on the waterfront. Some cynics in my country feel brokers would starve to death if it were not for the alleged appalling amount of red tape conjured up by our customs service. However, I believe this group forms a very insignificant minority in both your country and mine. Anyway, it is my belief that just as well-trained lawyers are needed to serve the community, so also are well-trained customs brokers, for it is every bit as much a professional service. I know from personal experience how valued is the advice of a competent customs broker and how much his counsel is sought both in and out of customs circles. With respect to the local situation, it had appeared to me that insufficient provision was being made to introduce new blood, so to speak, into the profession. So I was very happy to learn a few months ago that it had been decided to hold another customs brokers examination after a lapse of some 5 years. There are a number of people, including some present here tonight, who know that I had long been urging that another examination be held. It just did not seem fair to me that no opportunity was being afforded by your government for a competent and ambitious person to qualify as a broker simply on the basis that there were too many brokers already. What if the same thing were said about holding the bar examinations? However, the standard should be high, for it should be the definite aim of the government to secure quality rather than quantity for the protection of the public, the government and the profession itself.

In an excellent new book called "Ocean Transportation", I came across this apt comment on customs brokerage in the United States:

> "Since the routine involved (in filing an import entry, etc.) requires a more thorough knowledge of the laws of customs than most importers have, they usually employ the services of an agent (or customs broker)."

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*Speech delivered at the commencement exercises of the Philippine Maritime Institute March 19, 1955, Manila Hotel, Manila

There is no question but that it takes years of training and experience to become a competent broker. The Philippine Maritime Institute is to be congratulated in providing the facilities for learning about customs procedures and practices. It has performed a real public service in establishing this customs brokerage course.

I would also like to take this occasion to emphasize the important role played by the government arrastre contractors in the foreign trade and commerce in your country. The arrastre service is an institution peculiar to the Philippines, but essentially it is a port terminal operation which is vital to the successful movement of cargo in and out of the country. In fact, it is perhaps the most important single phase in international shipping. It is the point of interchange of cargo between the ship and land transportation. In short, the port terminal operation is the bridge across which all cargo entering your country must cross. So it can be seen how significant is the role of the arrastre contractor and what an immense responsibility he has in the ports of your country where pier space is so limited. More often than not he is blamed when something goes wrong, although no fault of his. To quote an old saying, it is a case of "he's damned if he does, and he's damned if he doesn't." Therefore, I would like to offer a bit of praise to the arrastre contractors in all your ports for the spirit of cooperation they have shown in trying to provide the best service possible under existing conditions. It has long been my belief that only through a spirit of cooperation on the part of all entities working in the port -- customs brokers, arrastre contractors, shipping companies, stevedoring firms, and government authorities -- can passengers and cargo be handled properly and expeditiously. I personally think the record in your ports is remarkably good.

Now to get to the heart of my talk this evening: Water Transportation.

First of all you may ask what is meant by water transportation? Academically, the general term "transportation" may refer to the act of transporting or to the means of conveyance. However, in shipping circles the term "transportation" has a more limited usage for it refers only to the carriage of goods by water. "Water Transportation" is a broad term that is often used synonymously with the term "shipping industry" which term, in turn, embraces not only the ship and its cargo but also the many shore activities that service the ship. Oftentimes the term "merchant marine", which, strictly speaking, refers to the merchant ships of a nation as distinguished from those classified as naval vessels, is used interchangeably with the term "shipping industry." So I believe that we can safely generalize by saying that "water transportation" is the maritime arm of a nation's economy.

Here in the Philippines the significance of water transportation readily can be grasped by even the humblest citizen, for it veritably represents the chief means of conveyance from one place to another in your 7,000-island archipelago. Without water transportation, business in your country literally would come to a standstill and the economy would face collapse. Fortunately, no such prospect is in view unless war should intervene. However, in my opinion, there is much that can be done to improve the existing situation.

Now, just what is that situation? Briefly summarized, your island's economy is served by a wide variety of watercraft, including types dating back centuries, such as the vinta, the banca, and the kumpit. The invention of the gasoline motor added range and speed to these small craft, which has enabled them to increase their usefulness very considerably. In addition to them, one finds ships of varying sizes and description but mostly small coastwise vessels ranging from 500 to 2500 tons, plus tugs, lighters and barges plying your interisland trade routes. It is this group of hard-working craft that moves the bulk of all your domestic water-borne commerce. You all are familiar with these craft, I am sure. Finally, there are the ocean-going freighters and passenger liners which bring your foreign imports and carry away your export products, the sale of which in foreign countries is so vital to your economy, such as copra, sugar, hemp and lumber.

Under what conditions do all these craft operate? From a management point of view, they are, by and large, privately owned and operated, which I believe is most significant and also heartening. It demonstrates that the free enterprise system has indeed functioned and functioned relatively well in this vital field. However, and now I speak only of your domestic shipping, certain malpractices beset it, which, in my humble estimation, need correction if the interest of the public is to be adequately protected. For example, there is a tendency to ignore existing regulations concerning safety of life at sea and not to follow published rates. It is well known that boats are frequently overloaded or are without the proper life-saving equipment. It is also well known that rebating is rampant in interisland shipping. I do not mean to infer that all operators are at fault or that the local shipping industry is to be exclusively blamed for these conditions. Your government has not seen fit to provide the Public Service Commission, for example, with sufficient means to enforce its regulations with respect to rates, etc. In fact, the basic trouble lies in the complete absence of a single maritime body whose responsibility it should be to cater to the needs of your country in the field of water transportation. Many of your civic leaders, who have been familiar with the situation, have strongly advocated the creation of a Maritime Commission to serve as a government regulatory and promotional agency for the welfare of the shipping industry. Several bills have been introduced in Congress for that purpose, including an excellent one sponsored last year by the House Committee on Transportation and Communications. It has been but natural that fears have developed over certain regulatory features in the aforesaid bills with the result that they have not prospered as they might have, had the purposes been better understood and appreciated. It is my conviction that such necessary legislation eventually will be approved, for it is vitally needed if conditions are to be improved in your water transportation.

So much for ships and their operations in the domestic trade. What about those engaged in foreign trade? You probably are at least vaguely familiar with the recent press reports of increasing freight rates, scarcity of space to move such important export products as sugar, and dwindling of your foreign reserves. Let me say at once that this is a very complex subject, which will not permit full exploration this evening, but I shall

attempt to reduce some of it to simple terms, for I believe everyone in your country should clearly understand what basically governs the rise and fall of freight rates and concurrently the availability of ships in foreign trade.

First of all, what is a freight rate? When applied to shipping it is the charge made for the carriage of cargo from one port to another which, fundamentally, is a matter of agreement between the shipowner and the shipper to transport the cargo offered in return for a specified payment, called "freight". Since ocean-going vessels are engaged in international trade and hence do not come under the sovereign control of any nation other than that whose flag they fly, it has become worldwide practice for shipowners operating over regularly established routes to agree voluntarily to abide by certain schedules of rates which have come to be known as conference rates. It should be emphasized at this point that shipping is strictly a service function; it does not produce anything; it is engaged solely in the transporting of goods and passengers. But like commodities, the price of that service is subject to the age-old law of supply and demand. In short, it fluctuates with changes in the international flow of merchandise. When demand for space is great, rates tend to rise; when it slackens, rates tend to go down.

Now let us examine the present world picture in shipping. Due to an unusual demand for ships to move coal from North Atlantic ports of the United States to Europe and wheat from the West Coast of the United States to Europe, plus the usual seasonal and routine demands in other parts of the world, including the Philippines, freight rates have risen, particularly those known as charter or tramp rates, as distinguished from conference rates.

Let me divert for a moment to define the difference between tramp service and liner service. Tramp ships are what their name implies; they move wherever paying cargoes can be found. If trade is dull, "trampers", as they are called, generally pick up cargoes for less than those vessels engaged in regular liner service since their obligations and operating commitments are much less. When trade is brisk, trampers raise their rates and proceed to areas where business is most attractive. They do not care about providing a regular scheduled service. On the other hand, the ships operating over established routes do try to maintain a regular scheduled service in accordance with published rates. Thus a shipper knows when and at how much he can move his cargo, a very great advantage to all but big bulk shippers, and even they benefit.

Now, reverting to the present world shipping situation. Due to the factors just detailed above, freight rates rose and scarcity of available tonnage developed which has been keenly felt by the sugar interests here because it is milling season. Only a very few tramp ships proved available; therefore, regularly scheduled freighters, whose superior services had been ignored during the past two years in preference to cheaper tramp services, were called upon to bridge the crisis. This has been done through the local shipping conference, known as the Associated Steamship Lines, which is a voluntary association of 52 shipping lines including two Philippine-flag carriers. The truth of the matter is that exporters have been enjoying favorable freight rates during the past year or two. Now the shoe is on the other foot and the shipping companies are enjoying a better return for their services. This, as pointed out earlier, is the timeless working of the law of supply and demand. There is nothing

strange or mysterious about it, regardless of what may be said to the contrary.

One result of the recent clamour over the temporary shortage of ships has been to revive interest in expanding your off-shore merchant marine. Only this week, I attended a public hearing in your Congress where discussion was being held on the merits of a bill proposing the building up of your merchant fleet engaged in foreign commerce. From a long range standpoint, the agitation for development of a suitable merchant marine is sound and worthy of support, in my opinion. And that seemed to be the consensus of those attending the public hearing. However, personally, I believe the justification given in the explanatory note of the particular bill under discussion is somewhat misleading since it implies that immediate expansion will relieve the Philippines from dependence on foreign shipping and thereby avoid alleged exploitation in freight rates. Frankly, that is erroneous thinking since it should be clearly realized that your own merchant fleet must operate at a profit or else it will be a millstone around the neck of the taxpayer in this country. To operate at a profit, your own merchant fleet engaged in foreign commerce must apply current worldwide shipping rates in order to survive. I think it also should be borne in mind that only about 2.2% of the entire export trade of the Philippines is now carried in Philippine-flag vessels. I believe this percentage of participation could be increased, but I sincerely do not believe it is either wise or feasible to think in terms of providing a merchant fleet adequate to move all your exports. I think I can safely say that no country in the world carries all its own export cargoes, even though it might like to. The explanation is not far to seek: the steamship business is a two-way proposition. If one expects to obtain return cargoes in another country, one must share some of his own export shipments.

When considering the operation of an offshore merchant marine, I think it should be firmly understood that building and operating ships in international trade is a costly venture and one that is full of hazards financially. Even the most experienced international shipping operators suffer periods of depression and poor returns. One of the characteristics of the shipping industry is its history of "boom and bust" with a few years of prosperity amongst many more lean years. Moreover, it is not just a matter of operating ships to move your export crops. As mentioned before, there are return cargoes to think about. It is an axiom of successful shipping operations that as full loads as possible be secured both ways. That means solicitation of business in the country of destination, which requires careful planning and cultivation. Also, what about rates? It should be borne in mind that ship operating costs in your country are almost as high as they are in my country, which are the highest in the world. That means that your offshore merchant marine would probably have to continue operating as a liner service, and in doing so, would of necessity have to abide by the so-called conference rates unless the government were prepared to subsidize it quite handsomely. And, even if so, there would be no assurance that if preferential rates were afforded exporters here, other countries to which your ships would wish to go would not retaliate by boycotting them in respect to return cargoes. I simply mention these points for sober reflection on what is involved in promoting the development of an expanded merchant marine to engage in foreign commerce.

In my humble opinion, your country would be better advised to devote most of its efforts and its limited resources to improvement of the merchant fleet engaged in domestic commerce together with improvement of shore facilities and aids to navigation. As pointed out earlier, domestic water transportation in your country is of vital importance and is a business that should be and is confined to Philippine-flag carriers. In the ambitious program of economic development your country has embarked upon, water transportation must and will play a very vital part. It is well recognized that your present interisland merchant fleet is inadequate and in need of replacement. In fact, it is already an urgent matter. Most of the present fleet are of the FS type, which, while having done valiant service as postwar replacements for ships destroyed during the war, are not suitable for the needs of the local trade. Satisfactory financing is the major problem. In my belief, some form of government assistance must be provided, if this fleet is to be modernized and become adequate to serve the requirements of a growing nation, which is peculiarly dependent upon water transportation. Furthermore, greater provision must be made to maintain and improve port facilities as well as aids to navigation. For example, practically every major port is in need of dredging, some more than others. Despite considerable restoration work, piers and wharves are still crying for repairs and expansion, particularly in Manila and Cebu. While commendable progress is being made in the restoration of 47 war-damaged lighthouses, incidentally with Foreign Operations Administration assistance, much work remains to be done in repairing and restoring buoys and other channel markers. I, therefore, submit that before embarking on a perhaps overly ambitious expansion of an offshore merchant marine, serious thought be given to the needs here at home in providing adequate service on your own interisland sea lanes. Remember that water is the most economic form of mass transport. It is, and I believe will always be, the world's basic means of transportation. But it needs support in the way of efficient and effective port facilities and navigational aids if it is to operate safely and expeditiously. The government can help materially in this and other respects, such as providing statistics and making economic studies for formulation of maritime policy, but private initiative, in my opinion, should and can do the job of running the ships.

I do not believe that I will be accused of jumping the gun by mentioning that the Government Survey and Reorganization Commission has recommended the creation of a Bureau of Water Transportation in the proposed Department of Public Works, Transportation and Communications, whose main purpose would be to handle all matters connected with water transportation, other than regulation of rates and routes, which would reside in a Public Utilities Commission, also to be placed in the proposed Department of Public Works, Transportation and Communications. This would appear to me a sound move in the right direction of placing all functions pertaining to shipping under one government entity rather than as they are now, scattered about in several agencies, not one of which has either the necessary overall authority or personal concern in promoting the interests of the shipping industry or protecting the interests of the public. This combination, as I understand it, will take the place of the long proposed Maritime Commission.

Also, it may interest you to know that through the joint auspices of the National Economic Council and the Foreign Operations Administration, a 6-month

economic transportation survey is to be made soon by a contract group of 7 transportation experts, probably from the Stanford Research Institute. Briefly, the purpose of this survey is to amass factual information on land, sea and air transportation in the Philippines in order that a better long-range integrated transportation program can be developed by the NEC in conjunction with other plans for the economic advancement of your country. As you probably know, such a survey has never been undertaken and actually very little accurate data is available or at least has been assembled in one place for purposes of planning.

I also understand that a modest port development assistance program is being considered by the FOA, of which I am a member.

I believe that these various activities augur well for the future of water transportation in your country. I do not pretend to be a prophet nor do I wish to inspire false hopes, but I sincerely believe there is a promising future for young men in your merchant marine and navy. Unless world conditions worsen and the horror of another war befalls us, I am sure there will be opportunities for many of you in shipping and related industries and activities. Perhaps you will not find exactly what you contemplated in the way of a job, but I feel that jobs will be available and there will be chances to rise in the merchant marine or associated activities, such as the lighthouse service, stevedoring, trucking, arrastre service and customs brokerage. In my humble estimation, yours is a blessed land of rich opportunity for those who are willing to roll up their sleeves and really work. With your training you have an added advantage, but remember -- job hunting is not an easy task, so put your best foot forward and show that you are worthy of being hired. Congratulations and good luck to you all!

RECEPTION OF TOURISTS AT THE PORTS*

by

Foster Knight
Customs Advisor

AS YOU KNOW, I have been a guest in your country since 1951. Because of my position as customs consultant and, perhaps more because of my having once been associated with the transportation business, I have followed with more than usual interest the efforts which have been made to improve conditions in Manila and elsewhere throughout the Philippines. Perhaps it would be well if I mentioned here that I formerly worked with two internationally known travel agencies in New York and with one of the largest U. S. air transportation companies. Also, during the war, I was in the Air Transport Command, which, as the name indicates, was concerned with the movement of men and materiel by air. A good part of my war time service was spent in West China where a lot of amazing pioneer work was done in air transportation on little more than technical know-how and a will to accomplish the seemingly impossible.

It has been my privilege to have travelled around the world several times. I have visited many sea and airports as a tourist, such places as London, Naples, Buenos Aires, Bombay, Singapore, Tokyo and Rio de Janeiro, to mention a few. As a generality, I would like to state that most of these places have been becoming more and more aware of the value in hard cash of treating the tourist right. Naturally, the attitude varies from country to country depending upon the degree of support given to encouragement of tourism. Where diligent effort has been made by private and/or public organizations, you will find reception of tourists generally is much better. Western Europe is a classic example. There most of the countries have long recognized the value of the tourist trade, particularly since the war. Frontier entrance and exit requirements have been reduced to a minimum consistent with reasonable control. The result is that tourism is a big industry in such countries as Great Britain, France, Switzerland and Italy. Where distances are greater, the available facilities fewer and the number of tourists consequently smaller, there often still prevails comparatively lesser concern, even bordering on indifference. However, this attitude is rapidly disappearing with the phenomenal increase in the use of swift air transportation, which is making it possible for people even with just two weeks' vacation to go around the world or to places hitherto considered inaccessible except to those with plenty of time and money. With the coming of jet air transportation, the time element promises to be further reduced and easy installment payment plans will help expand the number of travellers.

*Speech delivered at the Immigration, Customs and Quarantine Seminar April 23, 1957, Manila Hotel, Manila

Now you may ask, can the Philippines share in this increasing tourist market, situated as it is geographically? In my opinion, the answer is emphatically yes, but you cannot expect it to drop into your laps, so to speak. Tourists will stop where there is something to do or to see commensurate with the time and expense of getting there, and where the creature comforts are relatively good. Thanks to the support of the recently established Board of Travel and Tourist Industry, real progress is being made to develop tourist attractions and provide improved accommodations. But much of this effort will be for naught unless reception of tourists at air and seaports keeps pace with it. That, I believe, is the fundamental reason for this seminar.

How does the Philippines compare with other countries in the reception of tourists? In my humble opinion, the Philippines compares most favorably. This has not always been so--and I am referring to the post-war period. Slow but sure progress has been made toward awakening an increasing interest in the importance of tourism to the Philippines. Several enlightened government officials have taken a personal hand in promoting better treatment of tourists within their respective agencies. I personally know of the special interest the Customs has manifested in this important matter. I have witnessed almost unbelievable improvement in the handling of baggage examination, both at the airport and at the South Harbor piers under physical limitations that have been anything but favorable.

When I first came to Manila in 1951, reception of tourists left much to be desired. In the South Harbor, no proper place for baggage examination existed. Inspection was conducted anywhere there happened to be a vacant space in a cargo shed. When a passenger vessel arrived, the pier looked like the Escolta just before Christmas. Extortion and petty pilferage flourished, in fact, to such an extent that your own countrymen residing in California, Hawaii and Guam hesitated to return to their native land for fear of what might happen to them while going through customs. Baggage was opened midst dirt and discomfort. It was small wonder that thoughtful citizens within and without the Government agitated for better conditions. Now all that is changed. Although there is still need for better accommodation, the fact remains passengers arriving or departing Manila by sea are handled about as well as anywhere else in the world and certainly in the Far East. Turning to the airport, conditions there were much the same as in the South Harbor, but instead of being an infrequent occasion, it was all the time as planes -- just as they do now -- came in and out round the clock every day of the week. With the cooperation of the CAA, other government entities, and the airline companies, customs passenger baggage and cargo examination improved tremendously. Among you today are two officials who have contributed in no small way to the great change for the better at the airport. I refer to airport immigration chief Cagampan and customs collector Crisostomo. However, each and everyone of the employees at the airport is deserving of commendation in having helped to produce these favorable conditions for the reception of passengers, be they tourists or returning residents. We sometimes tend to forget what existed in the past and it is well to remind ourselves once in a while of how things used to be.

Now, having briefly covered what is a substantial record of achievement, I would like to suggest -- and I refer now to facilitation -- some of the things that could bear continued improvement.

One is that all officials, so far as possible, be in uniform so that they may be recognized as such by the visitor. It is the custom here for men to wear polo shirts in all walks of society, but I sincerely believe that they should not be worn by officials on duty. As a general rule, you will find government officials of other countries connected with reception of passengers are all in uniform. I might remark that in this respect, the Swiss are outstanding. An official in uniform -- properly worn, of course -- inspires respect and confidence. Most emphatically, it is not a badge of servility. I can assure you that uniformed personnel create a most important favorable initial impression upon the visitor as he goes through Quarantine, Immigration and Customs. First impressions are lasting impressions.

Another is continued emphasis on observation of courtesy. Since the speakers yesterday dwelled at length on this point, I will simply add that speaking and acting courteously costs nothing except an expenditure of mental effort and it can do immense good in creating a pleasant impression on the foreign visitor -- and on your own countrymen. Speaking both as an old customs and transportation employee, I know there are times when one feels anything but kindly toward an abusive passenger, but fortunately his number are relatively few. Remember also that after a long air flight particularly, which may have been uncomfortable and even frightening to some, a passenger does not always feel too agreeable when first getting off the plane. He feels strange and often bewildered. A thoughtful word or act at such times can do more than a thousand words of costly tourist advertising abroad. Advertising in foreign publications is a very expensive business. It is productive, no doubt about that, but I have always believed that word of mouth advertising is about the most productive in winning acceptance of any item, be it soap or a nation's travel attractions. All of you are ambassadors of good will of your country. By being neatly uniformed and behaving in a courteous manner in all your contacts with the public, you contribute far more than you may realize to the worthy cause of encouraging tourism.

Still another point is to avoid discrimination of appearance thereof in handling of passengers. There is nothing that irritates a stranger in your midst or angers a returning resident more than to witness a display of obvious discrimination. Naturally, privileges accorded duly accredited diplomatic dignitaries is a practice accepted practically the world over, but generally speaking, passengers should be treated without favor in a fair and equitable manner regardless of race, creed, or color.

In summarization, it may be said that reasonable thoroughness in inspection is not sacrificed or is official dignity slighted by being courteous and helpful to the passenger who is entering or leaving your country. By the same token, rude and officious conduct is thoroughly resented and can produce a lasting unfavorable impression upon tourist and resident alike.

I know, for I have experienced both, fortunately little of the latter. Expressed in terms of tourist promotion, observation by you of what are essentially common rules of decency represent tremendous free favorable advertising for your country.

I might add at this juncture that the U.S. Customs is placing increasing importance on proper selection of personnel for duty at the international airports and leading seaports. It has become recognized that in addition to professional competence, employees should possess an ability to handle people properly. The U.S. Customs is not alone in recognizing the importance of competence and conduct. International government agencies and private associations are urging greater emphasis on this vital area in view of the fast approaching jet age when time consumed with entrance and exit requirements must be reduced to a minimum. That means, among other things, that all inspecting officials must be that much better qualified and prepared to perform their respective duties. Therefore, seminars of this sort represent a worthwhile effort to focus attention on the importance of this situation and what should be done about it.

The future offers a great challenge. To a large extent the determination lies in your hands as to whether Manila and the Philippines will earn the reputation amongst travelers as a place to be visited or avoided. With the Philippines' deserved reputation for hospitality, I feel confident you will help encourage tourism by your good example in handling visitors fairly while preserving respect for and compliance with your Government's lawful requirements.

SOME GUIDES FOR MAKING TRAINING EFFECTIVE*

by

H. Donald McInnis
Public Administration Advisor

WHAT DO WE MEAN by "effective training?" Is a supervisory course in human relations effective when a supervisor-trainee returns to his job and immediately resumes badgering his employees? Is training effective if five out of ten supervisor-trainees return to their jobs with a livelier and deeper interest in their fellow workers? If one out of ten does? Can we say that parental training is effective when a child puts on his napkin when the parent is present at the dinner table, but forgets it as readily when the parent is absent? And what of costs? Is a conference leadership course worthwhile when 100 productive manhours is spent per trainee and no trainee conducts more than one conference a year?

These are very slippery questions. Most experts in the training field give up the task of laying down universal evaluation criteria. Perhaps we can be satisfied with some ad hoc definition of effectiveness: training is effective when it achieves defined goals within reasonable cost tolerances. This definition pushes the job of fixing evaluation criteria back to where it should be to the goal-setting and program-planning stage.

Let us proceed, then, with the matter of how best to attain the defined training goals; how best to make the training program "effective." In the following paragraphs I shall attempt to touch briefly on the more obvious means of achieving effectiveness, and to stop a little longer with a few fresh ideas.

The first, and in many respects the indispensable, ingredient of success for a training program is the existence of a competent, balanced training staff. No matter how much accent is placed upon the primary role of line supervision in training activities, the need for one or more staff specialists to help plan, organize, and guide the overall training program continues to be well recognized.

A "competent staff" means more than the possession of basic pedagogical knowledges, more than skill in selling and organizing, the ability to speak well, and the possession of a likable personality. What is the essential quality of a good trainer? Is it not the capacity to inspire others to greater self-development? Is not a good training officer first and foremost

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*Paper read and discussed at the First National Conference of Government Training Officers, May 24, 1957, City of Baguio

a good developer? One who "makes people comfortable with uncertainty, molds them to a batting-average of being right but encourages them to make mistakes."? Remember Browning's line from Rabbi Ben Ezra -- "What I aspired to be and was not, comforts me."? The good developer instills the confidence necessary to assume initiative, venture ideas, and make mistakes. The point in a training situation is that the trainees should desire to strive for self-betterment. The implanting of this desire is the first objective of the training officer, and success doing this is the best test of his competency.

I have mentioned the need for a balanced staff as well as a competent staff. It would seem to be among the more obvious facts of life that a training program cannot be expected to be truly effective without an adequate staff of full-time training specialists to run it. Yet all of us are aware of the difficulties frequently interposed by the budgetary process. One of the surprising contrasts of the management scene in the Philippines is the existence of a widespread enthusiasm and support for in-service training alongside a widespread inattention to the need for establishing full-time training staffs. The development of staffing patterns and the overcoming of budgetary resistances are, fortunately, not impossible challenges; and I have noted with interest the intention of this conference to deal with the subject on Saturday. Under the circumstances I will leave the matter of staffing with only the barest of mention.

A second determinant of effective training is the quality of the training facility. Here again we are confronted with influences frequently beyond our control. How are we to obtain a large, well-lighted, well-ventilated classroom in an office building which is already so overcrowded that employees are working in the corridors? How are we to procure a sound-movie projector when the organization is seriously deficient in good typewriters? How can we justify the acquisition of furniture, films, chalkboards, fans, tape recorders, amplifying systems, etc., when half of the key officials in the agency are sitting in chairs perfectly designed to produce sacroiliac backs and the other half are required to type their own letters and file their own papers for want of clerical assistants?

These are problems which a training man finds difficult to solve. Yet we know that answers must be found to these deterrents if the training program is to get started at all. For at least most of the time trainees should be able to see and hear, to be uncrowded, and to be able to rise again after sitting steadily for one hour and a half. Somehow, the training officer must produce a physical environment as conducive to the unfolding of individual talents as the enlightened psychological approach mentioned earlier. In some measure, the dynamism of his instruction and leadership can compensate for the inadequacies of the training facility, but not completely and not for long.

Most authorities in the training field would insist that a third "must" is the constant interest and support of top management. I think

we can agree with this if we interpret top management to mean not necessarily the man at the very apex of the organization, but the power group which immediately surrounds him. As often as not, the Old Man is quite oblivious to the staff development concept and program; and sometimes it seems better that he remain so. But it is just as essential that someone close to the top have lively interest in and understanding of in-service training and provide the indispensable support to the training program. We have already noted some of the difficulties involved in obtaining staff and facilities for training -- difficulties which are frequently of such magnitude that unless positive support is forthcoming from the top, little hope for an effective program may be entertained. There are, of course, many other critical areas -- determination of course content and encouragement of executive participation, to name but two. The ready and intelligent intercession of a top-level supporter at all critical junctures in the life of a training program would clearly appear to be a sine qua non of success.

How, then, does the training officer go about retaining and expanding this topside support? Note that my question assumes the pre-existence of support, stemming from the original selling job which attended installation of the training program. I think we might include the following among the courses of action open to the training staff:

1. Keep top management informed. One of the most serious mistakes a technical program can make is to neglect the making of periodic reports to top management. Too often the overworked, scrupulous technical staff finds it too difficult or too distasteful to devote a certain amount of time to the preparation of informative statistical summaries, operational analyses, and the like -- reports which tell the story of their program's successes, failures, and problems. Keeping such advice in front of Mr. Big is usually a pretty good way of insuring his continued interest in the program -- on the sound premise that almost everyone is interested in the outcome of a good story. It is up to the training director, of course, to make the story a good one.

2. Keep top management involved. From the outset the wise training director will involve the power group of the organization in the training program, and keep it involved. The determination of training needs, the formulation of a training policy, the setting up of specific program, the instruction of individual groups -- all present ample opportunities for the participation of the first-echelon officials. The department or division head who is asked to help prepare a policy statement on training will soon find himself exposed to an historical literature which will certainly impress him and will almost certainly convert him. The continuing service of key men as conference leaders, instructors, panelists, and guest speakers is the best advertising a training program can have.

3. Analyze points of resistance and try to crack them. A 100 percent endorsement by top management is not necessary for a training program to be effective. The astute training staff, however, will keep a watchful eye on the recalcitrant officials and make definite efforts either to capture or contain them. The training people must not ignore them for a new combination

of circumstances might arise at any time (such as a change of top leadership) which would thrust the unconvinced officials into a decisive position of authority. One frequently effective technique for overcoming resistance is talking the reluctant official into a "pilot" project and then making the project a resounding success. But a healthy application of the Dale Carnegie salve is usually the best way of curing these organizational sore spots.

4. Assume maximum delegation of authority to proceed with training. Oftentimes a training officer will launch a new program and carry it to a happy conclusion, whereas if he had sought all possible clearances at the beginning, the program would never have been born. I realize that this is a difficult matter and each training officer must be his own judge of the situation. We must keep in mind, nevertheless, that most bosses will respond favorably to a demonstration of initiative below, and that most bosses will back a winner. Up to a point, a training director may properly assume that the duties of his position automatically give him the authority to do many things without specific approval from above. If he then acts confidently, and with imagination and energy, I cannot help but feel he will have won new ground for himself and his program.

The effectiveness of a training program is as much determined by the attitude of middle management as it is by the disposition of top management; by the responsiveness of first-level supervisors and employees as it is by the interest and support of the head of the organization. I realize there are some who might take exception to this, on the ground that everyone below top management level can be ordered to attend and support the training program, whether they are interested or not. I will pick no quarrel with these authoritarians at this time, but accept the former point of view as being slightly more satisfying.

Our fourth and final determinant of the effectiveness of training, then, is the sustained interest of the mass of employees and supervisors. What can the training staff do to arouse and maintain this interest? Here again we are faced with a rather extensive list of possibilities from which I will select only the following few.

1. The full endorsement of top management for the training program should be made known to all, especially in the form of a training policy. While this, in itself, will not produce employee acceptance, it is a useful point of reassurance. Only the most cynical of employees would be inclined to disparage the program just because top management endorsed it.

2. It is axiomatic these days that official duty time be allotted for training purposes. To the extent that government laws, rules, and funds make it possible, another aid toward approval of the training program is the granting of off-duty study grants, scholarships, and sabbaticals.

3. The training officer must keep his program varied and practical. Nothing will kill interest faster than stodginess, monotony and high-sounding jargon in the course. The trainee wants above all to know where and how he can apply the training experience to his regular work situation.

4. The instruction must be of high quality. This correlates with the quality of the course content. It is here, incidentally, that the great value of audio-visual aids becomes apparent.

5. Finally, adequate recognition should be given for participation in the training program. The primary question, of course, is what recognition? A thank-you letter or commendation, copy to the personnel file? A handsome certificate? Some specialists recommend tying performance in the training course to promotional opportunities. Whatever the device, it is fairly certain that recognition for participation in a course will pay off in increased employee satisfaction with the training program.

TRAINING IN THE PHILIPPINES*

by

Fred G. Crawford
Chief, Public Administration Division

MY WORK IN THE Philippines is connected essentially with public administration, which, simply translated, means good government. Accordingly, any method, operation, organization, or institution which leads, in terms of end results, to a betterment in the management of public affairs is a part of public administration. As such, it becomes a most effective tool for improving social, political, and economic conditions. One of these tools, and an important one, is training.

I think we can all agree that much has been done but also that much remains to be done to give the people of the Philippines the richer and fuller life which is blueprinted in the Philippine Constitution and for the principles for which the people of the Philippines have fought and bled for centuries.

To me there has never been the slightest question about the role that public administration can and must play in improving the living conditions of the people. It is a unifying factor that ties together all other elements of the social and economic progress program, without which, each of them, individually and collectively, must and will fail.

Public administration takes many forms including teaching, training, research, study, and actual operations. By its very nature it must take into account the efforts and results of those whose lives are devoted to good government. In this country, as in so many others, the cost of governmental payrolls amounts to about 85 per cent of all governmental expenditures. This is only another way of saying that about 85 per cent of all taxes are devoted to the payment of the salaries and wages of those who serve the people through their government. It is the duty and it is also the obligation of public administrators to assist these people both directly and indirectly, and through their managers and supervisors, to attain greater usefulness and effectiveness in the discharge of their duties. This is one of the fundamental methods of improving government and this method is based largely upon training efforts.

There are many ways of making a very real contribution to this type of program. Without mentioning the other types that are available and, because of the nature of this particular meeting, I will speak only of on-the-job training as one of the means of achieving better government through public administration.

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*Speech delivered at the annual meeting of Government Training Officers Association of the Philippines
September 30, 1958, YMCA, Manila

In the Philippines, I have observed with amazement the intensity, both in numbers and diversity of subject matters, of those occupying public office in their in-service training efforts. During the short two years that I have been here I have seen almost 250 supervisors and almost 3,000 training officers trained in the techniques of this skill by the Institute of Public Administration. I have had what I believe is the rare privilege of seeing in-service training classes conducted in local governmental agencies in such cities as Manila, Quezon City, Iloilo, and Cebu. I have also seen in-service classes in operation, at the provincial level, in Misamis Oriental, Cebu, other provinces in the Visayas, and in Tarlac. I have been fortunate, I believe, to have been able to observe in-service training classes in such national agencies as the Bureau of Customs, Bureau of Internal Revenue, Bureau of Civil Service, the Budget Commission, and others. You are all probably as well, if not better, acquainted with these activities than I am. I mentioned them only because of the great impact and the favorable impression they have made upon me during my stay in the Philippines.

During the same period of time, I have observed off-the-job as distinguished from on-the-job training programs. It is toward this type of training that I should like to devote some of my remarks. In this field, also, I have been deeply impressed by being an observer of the many types of off-the-job training that are available to Filipinos under the Colombo Plan, the United Nations program, various trusts and foundations, and the U. S. Department of State program. The program nearest to my heart, as you might very well guess, is the one carried on by ICA jointly with the NEC. This is a program with which you are well acquainted - that of sending Filipinos to the United States and other countries to improve their knowledges, abilities, and skills in this important sphere of human endeavor. That program started in 1952 with 17 public administration participants and with 14 in 1953. Thereafter it has been varied from 27 to 59 per year, and has grown to a total of 238. We have recently had a team from the University of Michigan come to the Philippines to determine as factually and as objectively as possible just what the results of this training have been. Although they have not made a final or formal report, they have told us in a preliminary and informal manner that this program has paid great dividends for the Philippines in terms of training its skilled manpower to perform a more responsible and higher level of work.

The record is dotted with outstanding successes and with some failures and near failures, which is bound to happen when the factors of selection, training, and return to the Philippines are considered. As a whole, the greatest credit goes to the participants themselves rather than to NEC, ICA, or the government sponsoring agency. This review was quite preliminary in character and, although it did not reach each participant, the sample showed that the returned participants were eager, willing, and trained to perform better jobs than they had been able to do before their departure. In the case of the failures that I have just mentioned, very few were attributed to the individual. They resulted from environmental and institutional factors beyond their control and which prevented the performance of a better job.

I have talked about training in public administration because that is my field of greatest interest. But let me go on in this vein in a more generalized

way and tell you that, during the existence of ICA, a total of 1,756 participants have been sent to the United States and other countries under the joint NEC-ICA program. These participants represent all of the major activities of the government of the Philippines and they represent generalized as well as specialized fields. Perhaps the most dramatic manner in which I can express the NEC-ICA feeling about the importance of this program is to express it not only in terms of numbers, as I have already done, but also in terms of costs. Most of these participants are absent for a period of six months, but some are absent for 9 or 12, or some other number of months. Using the most conservative figure possible, based upon each of the participants being absent from the Philippines for only 6 months, the cost per participant to the Philippine Government is about ₱3,500, and to the U.S. about $3,300. Only in order to be dealing with comparable figures, let us combine these two and use an average cost of ₱10,100 per participant. Let me emphasize that these are minimum costs because they are based on a 6-month period and do not take into account additional allowances, such as those that are granted for textbooks, clothing, and other items. At a rate of ₱10,100 per participant, this program has cost the governments of the Philippines and the United States about ₱18,725,000.

Considering this to be a minimum figure, let me call your attention to the fact that, in addition to the above costs, the Philippine government pays the salaries of participants during their absence. Based again on a 6-month period of absence and a conservative salary of ₱300 per month, the salary cost of this program has been ₱3,160,000, or a total of ₱21,885,000. To me, that is an almost fantastic figure. Unless I am mistaken it is also a surprising figure to you. In pointing it out, however, I have a definite purpose in mind and that is to show you the importance attached to training by the governments of the Philippines and the United States. This program is really big business and it is only reasonable and proper for each of the governments involved to expect to receive a return on this investment. The only way in which such a return may be realized is by each and every participant, upon his return to the Philippines, to do a sufficiently improved job, in terms of more and better work, in improved operations, and, in other ways, to make such a return possible.

In addition to the huge outlay in money that has already been mentioned, there is still another element of training that is growing in terms of importance, magnitude, and cost. I refer now to the use of the Philippines as the site for the training of governmental officials from other countries in this region. At the time of my arrival in the Philippines it was almost unheard of for a national of another country to come to the Philippines for training. Yet, amazingly enough, the Philippines, in that short period, has built such an excellent and impressive record in the field of public administration that public officials have started coming to the Philippines for training from such countries as Cambodia, Indonesia, Korea, Laos, Taiwan, Thailand, and Vietnam. In terms of numbers of participants we had only 10 in 1955. This number grew to 60 in 1956, 123 in 1957, and 77 (to date) in 1958, or a total of 270. If ever I have seen an unexpressed tribute paid to the Philippines by her neighboring Free World countries, this is it. The plan of using the Philippines for what is called third country training has grown and spread like wild fire.

In fact, almost before we were aware of the fact, we had received 270 participants from other countries to the Philippines as contrasted with the 238 that had been sent from the Philippines to the United States in the field of public administration. Here is a little story that should hearten and encourage all Filipinos for, by reference to these facts, the people of the Philippines can ascertain the high regard in which they are held by their neighboring, friendly countries. As a matter of general interest, the type of training desired in the Philippines by these countries in the field of public administration have been police administration, central and local government administration, banking, fiscal planning and management, advanced management, budgeting, public personnel administration, and governmental accounting.

Without trouble, I could go on in this manner at greater length at the risk of taking more time than was allotted me and by imposing upon your patience and good nature. I think it enough, however, to have passed on to you some current facts which might not yet have reached you. My sole purpose in doing so is to keep you informed on the great value that is attached to training programs; first by the governments of the U. S. and the Philippines; and second by those of your friendly and appreciative sister nations. I extend to you my heartfelt and most sincere appreciation for a job well done in this field and offer my best wishes for as successful a future as you have had in the past in this field.

POLICE TRAINING IN CEBU*

by

Fred G. Crawford
Chief, Public Administration Division

THE CITY OF CEBU, recently, has rapidly earned and deserved the reputation of having the finest city police force in the nation. This statement is attested to by your many accomplishments, not the least of which are the in-service training programs that have been guided by Chief of Police Lozada and the ICA Police Advisor, Jeter L. Williamson, and which have been supported by the Philippine Constabulary, the National Bureau of Investigation, and the Institute of Public Administration.

Mr. Williamson is absent on home leave in the United States until September 13 and I appear before you as a poor substitute for him because I am not a police officer nor am I trained in police methods or sciences.

I do, however, have a great respect for the police forces of the Philippines in recognition of the important role they play in the social and economic development of the country. It is a well acknowledged fact that the Philippines can be more productive in terms of producing its own basic food needs; in further exploiting its natural resources; in increasing exports of domestic growth and manufacture; in industrial development; in building up its foreign trade; and in enhancing its wealth and power, as one of the nations of the Free World.

Certain other developments must go along, hand in hand, with the developments just mentioned. They are, generally, considered to be social, democratic, and political in nature.

The Philippines have recognized these needs and their implications and has made progress in the construction of additional roads; the building and operating of additional schools; promoting better public health; the encouragement of industrial development; and in many other ways.

We can all appreciate the desirability and actual necessity of this type of development but it cannot progress and it will not progress unless the first ingredient is present. What is that ingredient?

It concerns you and your work.

It is internal peace, order, and security.

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*Speech delivered at opening of 4th in-service training class on Traffic held by the Police Department of Cebu City, July 24, 1958

For the attainment of these purposes a country must look to its police forces. By way of taking such a look I would suggest that you consider the state of internal peace and security of 10 or 15 years ago, especially those years immediately following the war and liberation. You all know, better than I, of the Huk menace that existed at that time and how effectively that movement blocked communications, traffic, and internal growth and development.

I then ask you to think, for only a moment, of the peace and security of the Philippines at the present time and then to draw your own conclusions as to the difference. The difference - and it is an enormous one - is directly traceable to the operations of the internal police forces of the country and each of you have made a substantial contribution toward a more peaceful and orderly development of the Philippines.

One of the most effective ways in which such progress has been made has been through the medium of training. I have been greatly impressed, during my stay in the Philippines, with the number and variety of training programs that have been conducted in various parts of the Philippines. As a result, I am in a position to make a comparison and draw a conclusion. This comparison and conclusion may be very simply stated by saying that the Cebu City Police Department is the outstanding example of successful training courses held anywhere in the Philippines. Here, in Cebu, you have conducted, under the leadership of Chief Lozada, not only a number of different kinds of specialized courses for specialized purposes but have also conducted the first successful regional training program that I know of in the Philippines. I allude to the recent training course attended by some 40 or 50 chiefs of police from the province of Cebu and of other provinces in the Visayas and Northern Mindanao.

As an internationally-renown police executive has stated the matter: "The field of police science and administration is constantly changing and the effective police officer must keep abreast of current developments or be inadequate in the performance of his job responsibilities."

The officers and members of the Cebu Police Department have had an outstanding opportunity to keep current in their specialized fields through these classes and it is a great tribute to you and your leadership including the Mayor, the Chief, and the Municipal Board that this effort has been possible.

This effort has not gone unnoticed. Both your Chief and Cebu's Finest have been recognized throughout the nation, not only as Cebu's Finest, but also, probably, as the Philippines' Finest.

In addition, this effort and its success has resulted in recognition being given to the Cebu Police Department by visiting police officials and dignitaries from several neighboring nations in Southeast Asia - and additional representatives of the police forces of friendly neighboring nations will visit Cebu in the future to observe and learn your methods as a means of improving police operations in their own countries.

Last, but not least, in this series of events leading to a broader recognition of Cebu's Finest, is the forthcoming visit of Chief Lozada to the

United States. There, he will have an opportunity, for a period of six months, to observe and study police methods and practices in many cities which can then be applied to the advancement and improvement of the Police Department of this city.

After the first six months of his visit, he will return to the Philippines through Europe, where he will have a further opportunity to acquire additional knowledge for an even more effective Police Department in Cebu City.

The selection of Chief Lozada to make this trip was no accident. He was most carefully and thoroughly selected by the National Bureau of Investigation, the NEC, and ICA as being one of the first of two Chiefs of Police in the Philippines to be qualified and worthy of this great opportunity and honor.

With the greatest of sincerity and good faith, I say this:

The selection of Chief Lozada to make this trip reflects very great credit on him, personally; on the Mayor and Municipal Board of Cebu City; and on Cebu's Finest. It is a great tribute and honor to all those I have mentioned and you should all feel and share your pride on this attainment.

As a representative of ICA, I again, as I have in the past, commend you for your past efforts and accomplishments. You have our most sincere best wishes for the successful program of training that starts on this occasion. I have expressed to you my honest conviction about the importance of the civil police forces of a nation as a means of its attaining its social, political, and economic goals and of the value of training in the reaching of such goals. In closing these remarks, I want to read one of the most impressive statements about police officers that I have ever been privileged to read. The statement to which I am referring was made by his Holiness Pope Pius XII, about a year ago, on the occasion of his addressing approximately 2,000 police officers in the city of Rome. This basic thought was expressed by your School Commandant and Chief Lozada at today's ceremonies. It was also expressed in paraphrased form by His Honor Mayor Duterte and Chief Lozada at yesterday's impressive ceremonies. In his statement, his Holiness included these words: "A municipal policeman who truly loves his own city could not tolerate having its good name sullied by disorder, negligence, or bad habits. Not only through duty of office, but particularly through personal sentiment, he should endeavor to increase its dignity and honor. Those connected with the police force in a great metropolis should be above all reproach, for they constitute an essential element of government toward the preservation of peace and they should regard as their most honorable title 'the guardians of the law'".

I could give you this statement as a Creed - the Creed of a member of the Cebu City Police Department. By following it, you will bring credit and honor to yourselves and your City; and you will bring pride, dignity, self-respect, and satisfaction to yourselves and your families.

B.P.L. No. 5

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