

# INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY: APPLIED BUSINESS AND EDUCATION RESEARCH

2022, Vol. 3, No. 5, 919 – 934

<http://dx.doi.org/10.11594/ijmaber.03.05.18>

---

## Research Article

### Job Satisfaction, Organizational Commitment and The Performance-Based Bonus (PBB) System in State Universities and Colleges (SUCS) in Bicol, Philippines

Michael B. Bongalonta\*, Michelle M. Bongalonta

Sorsogon State College Bulan Campus

---

#### Article history:

Submission May 2022

Revised May 2022

Accepted May 2022

#### \*Corresponding author:

E-mail:

[michaelbongalonta27@gmail.com](mailto:michaelbongalonta27@gmail.com)

#### ABSTRACT

This study examined the relationship between job satisfaction and organizational commitment among SUC faculty members and their perception of the PBB system. It also explored the underlying issues in the PBB system and how it could be improved. Mixed design method of research was used. It was found that the faculty members' perception of the PBB system directly affects their job satisfaction and organizational commitment. Addressing issues in the PBB system becomes urgent given the prevailing wariness and lack of confidence among faculty members towards the way the PBB system is being implemented.

**Keywords:** *Performance-based bonus system, Job satisfaction, Organizational commitment, PBB forced-ranking system, Fairness, Transparency, Utility of performance appraisal, Effectiveness of performance appraisal, Employees' involvement, Adequacy of rewards.*

---

## Introduction

The Performance-Based Bonus (PBB) System is an incentive introduced by the Philippine government through the Performance-Based Incentive System (PBIS) under the government's strategic performance management system (CSC, 2016). This is a "top-up incentive given to government personnel based on their individual contribution to the accomplishment of their respective agency's performance targets" (DepEd, 2016). It aims to instill a culture of excellence in serving the public thru the bureaucracy and to improve the delivery of public goods and services to all Filipinos.

As stated in the PBB implementing guidelines, all government agencies that achieved at least 90% of each of their respective targets for a given fiscal year shall "force rank" their respective offices or delivery units into three performance categories: best, better, and good. In turn, the offices or delivery units shall then "force-rank" their individual employees into similar categories (CSC, 2016). Thus, the PBB that an employee will receive is primarily dependent on the performance category of the office or delivery unit where he or she belongs and not entirely on their individual contribution or performance. The purpose of this kind

---

#### How to cite:

Bongalonta, M. B. & Bongalonta, M. M. (2022). Job Satisfaction, Organizational Commitment and The Performance-Based Bonus (PBB) System in State Universities and Colleges (SUCS) in Bicol, Philippines. *International Journal of Multidisciplinary: Applied Business and Education Research*. 3 (5), 919 – 934. doi: 10.11594/ijmaber.03.05.18

of system is to foster a culture of teamwork within each of the offices or delivery units.

The implementation of the PBB system represents a substantial investment by the national government on one of its important resources, its employees, who are at the frontline in the delivery of public services. This critical role of employees brings about the need on the part of government to ensure that they remain productive, satisfied, and committed to their job in the organization. One of the means to achieve this is by investing on a reward system.

The wealth of literature that link incentives to employees' satisfaction, commitment, motivation, and productivity manifests that a reward system is an important component of any organization. As far as 1911, Frederick Taylor and his scientific management theory described money as the leading influence in motivating employees and, therefore, promoted the formation of incentive wage systems in order to encourage personnel to achieve higher performance, commitment, and job satisfaction. Subsequent and more recent studies (Saleem, 2011; Majoor, 2012; Osa, 2014) also provided evidence confirming that performance-based monetary rewards or incentives positively affect employee productivity, job satisfaction and organizational commitment.

The same applies to State Universities and Colleges (SUCs). These government institutions are mandated by law to deliver accessible and high-quality education to the Filipino public. Similar to other organizations, SUCs fundamentally require a workforce that possesses a high degree of motivation, job satisfaction, and organizational commitment in order to successfully carry-out their mandate, hence, its inclusion in the government's PBB system.

Nevertheless, the implementation of the PBB system in SUCs is not without issues particularly on the part of the employees. These issues include, but not limited to, the improper or inadequate communication of PBB implementing guidelines which in turn results in confusion and misinterpretations, perceived subjectivity or unfairness in appraising and ranking employees' performance, perceived weaknesses and/or inconsistencies in evaluation instruments, tedious and time-consuming processes, unavailability of funds, and

sluggishness in giving out the PBB (Torneo et al., 2016). If not addressed adequately by management, these issues risk creating a negative effect on employee productivity, job satisfaction, and organizational commitment, which is entirely contrary to what the PBB system originally intends to achieve.

## Objectives of the Study

This study was conducted to examine the faculty members' perception of the PBB system and its effects on the level of their job satisfaction and organizational commitment in the context of State Universities and Colleges (SUCs) in the Bicol Region. This research also intended to identify the factors that faculty members perceive to affect the PBB system and the recommendations to improve its implementation.

## Literature Review

### *Performance-Based Bonus (PBB) System*

According to Boachie-Mensah (2011), performance-based pay "refers to a process of providing a financial reward to an individual which is based on the individual, group or organizational performance (p. 271-272)." He described that this is given to employees for performance enhancement; however, this is not limited to monetary incentives because non-financial rewards in the form of recognition and the like are also considered performance pay.

In the government, the Civil Service Commission (2016) stated that the PBB utilizes a forced ranking system in ranking its bureaus or delivery units and the personnel within these units. It states that in this system, the performance of the delivery unit and the individual contributions in achieving the department's or agency's targets are the bases for incentives, as reflected in their accomplishments report. It also states that in granting the PBB, it is mandated that bureaus or delivery units will be forced-ranked according to their accomplishment of targets and will be categorized as best bureaus (top 10 percent of ranked bureaus), better bureaus (next 25 percent), good bureaus (remaining 50 to 65 percent) and poor bureaus (bureaus that failed to accomplish 90 percent of their targets). It further states that the result of which served as the basis of force ranking the

employees as best performers (top 10 percent of ranked employees in a bureau), better performers (next 25 percent), and good performers (next 65 percent), in which, the best performer from the best-performing unit or best bureau will get a PBB of P35,000, the better performer from a better bureau will get P15,000. In contrast, the good performer from a good bureau will get P5,000. However, it discloses that individual employees who receive a rating of below satisfactory under the annual performance appraisal system of the Civil Service Commission and those who belong to poor bureaus will not be eligible to receive any amount of PBB.

In the case of educational agencies such as the Philippine High School of Arts (PHSA), performance monetary incentives are given to individual personnel based on his/her expected outputs to motivate higher performance and ensure achievement of education targets and commitments (CSC, 2016). In connection to this provision, Digo (2013) has cited that the Department of Budget Management National Budget Circular (NBC) NO. 461, s.1998 has prescribed the mandated functions of faculty members engaged in advanced and higher education and the corresponding requirements for upgrading and promotion, such as compliance with the Common Criteria for Evaluation (CCE) points and the Qualitative Contribution Evaluation (QCE) points. It was stated further that the Commission on Higher Education (CHED) issued the supplemental implementing guidelines that served as the procedural guidelines on qualifying for PBB.

As per CSC (2016) provision, only government employees of departments and agencies of the National Government with a regular, contractual and casual status who have an employer-employee relationship with these departments and agencies and who have been in the government service for at least four (4) months as of November 30, 2012, may be covered by the PBIS. For SUCs, the implementation shall be coordinated with the Commission on Higher Education. Despite the availability of the PBB guidelines, memoranda and provisions, there were still issues in implementing the PBB system. The preliminary findings of the study conducted by Torneo et al. (2016) about

the PBIS revealed that there were issues with its implementation such as inequality of PBB, tedious and time-consuming procedure, no additional personnel and resources, unverified allegations of doctored reports, issues on ranking other staff together, and non-orientation of some employees on the PBIS.

All types of organizations commonly implement this kind of reward system solely to boost the performance of the employees, enhancing the level of employees' job satisfaction and securing their commitment to the organizations.

### **Job Satisfaction**

Job satisfaction is defined by Kodwani (2012) as "a pleasurable or positive emotional state, resulting from the appraisal of one's job or job experience as a result of the employees' perception of how well their job provides their needs; this can be stated as the level to which people like or dislike their jobs (p. 28)." He discussed that this represents the emotional reaction of a person to a job situation arising from work itself, salary, an opportunity for promotion, supervision, and co-workers.

Likewise, Suma (2013) has indicated the two aspects of job satisfaction particularly: facet satisfaction and overall satisfaction. He defines that "facet satisfaction refers to the tendency for an employee to be more or less satisfied with various facets or aspects of the job while overall satisfaction focuses on the general internal state of satisfaction or dissatisfaction within the individual (p. 43)." Relatedly, it was highlighted by Huttu (2014) that the satisfaction of the employees with the incentives greatly affects their commitment and job satisfaction.

As stated by Ismail (2012), job satisfaction represents the "feelings or a general attitude of the employees in relation to their work and its components such as the working environment, working conditions, equitable rewards, and communication with the co-workers (p. 13-14)." He articulated that the job satisfaction level is directly proportional to a person's feelings towards his job and colleagues. Larkin et al. (2016) found out that "achievement, recognition, the work itself, responsibility, and advancement are factors that contribute to job satisfaction (p.28)."

On the other hand, Abugre (2013) pointed out that higher rewards play a major role in promoting the employees' job satisfaction and, consequently, higher productivity in organizations. He confirmed a substantial relationship between higher rewards and increased job satisfaction of employees. Moreover, he stated that increased job satisfaction relates to the worker's enthusiasm which encourages workers to perform efficiently and effectively. This relates to the findings of the study conducted by Majoor (2012), which revealed that "performance-related pay is associated with different types of satisfaction: overall satisfaction, satisfaction with pay, satisfaction with job security, and satisfaction with hours (p. 25)." Finally, Younes (2012) mentioned that many organizations give substantial attention to assessing the employees' attitudes focusing on their job satisfaction. Hence, he likewise regarded that understanding the factors that influence employees' satisfaction is essential for managers to motivate employees to perform and meet the desired direction for the organization's effectiveness.

### **Organizational Commitment**

Tella et al. (2007) defined organizational commitment as "a strong desire to remain a member of a particular organization; a willingness to exert high levels of efforts on behalf of the organization and a defined belief in and acceptability of the values and goals of the organization (p. 6)."

This definition highlights the three dimensions of commitment: membership affiliation, team effort, and belief in organizational values. This supports the findings of Watson (2010) regarding the concept of affective organizational commitment, which represents the "willingness of the employees to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization (p. 16)."

Additionally, Rizal (2014) has stated further that organizational commitment represents a sense of identification, involvement, and loyalty that employees express, showing the condition where employees are very interested in the organization's goals, values, and goals. However, he noted that the level of

employees' commitment means more than just a formal membership because it includes a strong desire to seek a high level of effort to achieve the organization's goals. Suma (2013) has elaborated on the different forms of commitment using a "three-component model of organizational commitment," which includes the affective commitment, which emanates from the emotional attachment of the employees to the institution, the continuance commitment, which stems from the material and social considerations of staying in the firm, and the normative commitment manifesting the view that staying in the entity is merely an obligation.

Correspondingly, Kanwar (2012) added that organizational commitment refers to the belongingness of an individual and affection in a particular organization. He pointed out that it is the "degree to which employees believe in and accept organizational goals and desire to remain with the organization (p. 29)." His study affirmed that both men and women have similar sentiments towards organizational commitment and are equally contented with the company policies. Conversely, Ahmad (2015) has emphasized the negative impact of employee turnover on organizational effectiveness, such as cost of the organization, disruption to operations, and membership demoralization. He added that turnover of employees entails additional organizational costs due to termination, advertising, recruitment, selection, and hiring; thus, securing a commitment from the employees is imperative.

Srivastava (2013) found that job satisfaction is related to organizational commitment. He compounded that employees who are more satisfied with their jobs are also more committed to their organization and that trusting the employees makes them more committed to the organization. Another study revealed a positive and significant association between financial incentives and employee commitment (Saleem, 2011), which means that a rise in monetary incentives such as promotion and bonuses enhanced employee commitment, increasing employee performance and reducing turnover. Contrary to this result, Ismail (2012) found out that there is no significant relationship between organizational commitment and job

satisfaction which means that regardless of whether employees are committed or not committed to their current job, it does not affect the level of their job satisfaction.

### **Reward System in Government or Public Sectors**

Torneo et al. (2016) has disclosed the issues relating to the ineffectiveness of the PBB system.

These include inequality of PBB seen by some as unfair (e.g., all work for best rating but some will get less), tedious and time-consuming implementation, no additional personnel and resources, unverified allegations of doctored reports and issues on ranking different staff together, and non-orientation of some employees on the PBIS.

The study on PBP within the education sector found that the effect on worker attitudes and intrinsic motivation was negative and that the employees generally perceive the implementation of PBP as unjust. The negative impact of the PBB in the case of the public sector is the result of low levels of organizational trust, absence of transparency, trust, and leadership credibility (Boachie-Mensah, 2011).

In addition, the finding of the study conducted by Munzhedzi (2011) showed that the Performance Appraisal System (PMS) did not contribute to the improvement of productivity of the DL in the Limpopo Province. Thus, it was recommended that "there should be a regular and thorough training of officials within the DLGH about the PMS and how it influences productivity and that the Departmental Moderating Committee should demand verifiable evidence to justify a higher rating during quarterly assessments, and that punitive/disciplinary measures be taken against those who do not comply with the provision of the PMS policy, particularly failure to submit performance instruments (p. 1)."

Ismail (2012) reported that public sector managers and employees experienced lower pay and job satisfaction levels. He reports that this arises from the fact that performance-related pay in the public sector consistently breaks to carry on its promise. He added that this failure is due to implementation breakdowns and as the result of the integral

institutional characteristics of public organizations, which are considered to inherently encumber the effectiveness of financial incentives.

Likewise, public institutions face budget restrictions and public expectations regarding the responsible management of resources, making it legally or politically unachievable to offer sufficiently large bonuses (Belle, 2015). Finally, the individual faculty performance rating cannot be predicted from their level of understanding of the PBIS or vice versa because the faculty members' performance rating is not dependent on their level of understanding of PBIS (Digo, 2013).

### **Effects of Performance-Based Bonus on Employees**

Many entities use diversified incentive programs to reward employees for past performance and encourage or maintain high performance in the future. Substantial investment in pay for performance (PFP) by most organizations intends to ensure positive effects on employee motivation, productivity, and performance (Park & Sturman, 2012).

According to Waqas (2014), rewards include monetary and non-monetary incentives. Monetary enhances the direct satisfaction of employees, and non-monetary rewards are useful for the recognition of employees, and that recognition is an inspirational tool for the employees and leads to the work. He further mentioned that financial rewards could boost motivation, but non-monetary incentives are more effective subjects because of the intrinsic motivational impact on the workers, which shows that intrinsically motivated workers naturally enjoy their work or job. On the other hand, as confirmed by Yazdanifard (2014), salary is one of the basic motivations for workers to do their job, and that personal income is positively correlated to job satisfaction." In fact, the study of Taiwan R&D professionals in technology sector found out that "monetary rewards based on output have a positive association with their work performance.

In connection to this, rewards management is one of the basic instruments superiors use to motivate their employees. Thus, to observe a diligent work performance, it should be

one of the major responsibilities of supervisors to discover which specific reward is going to motivate certain individuals. The effectual reward system positively motivates workers to bring their maximum effective output when required (Fatima, 2013). In the same way, employees' salary affects their productivity and their tendency to transfer employment to other organizations. This implies that whenever the "employees see that hard work and superior performance is recognized and rewarded by the organization, they will increase higher performance with a hope to obtain a higher compensation level" (Mintarti, 2014, p. 64).

In the case of Performance-Based Pay, Boachie-Mensah (2011) stressed that employees will work harder if they value monetary rewards and believe that those awards will result from their increased efforts. Reinforcement theory posits a direct relationship between the desired target behavior (e.g., performance) and its consequences (e.g., pay). It suggests that pay can create consequences for desired behaviors, such as high performance that will reinforce the behaviors.

Literature states that using a performance-based pay scheme can increase employees' productivity, effort, and earnings and that a well-designed pay scheme results in individual and organizational performance (Ahmad, 2015). Moreover, he added that an appropriate communication process and disclosure of the information about performance-based incentives to employees and appropriateness of the determination of the salary based on performance appraisal systems might lead to increased job satisfaction and organizational commitment. Vroom's expectancy theory has introduced other perspectives that affect employees' behavior and performance, such "as personality, skills, knowledge, experience, and abilities." Furthermore, this idea states that effort, performance, and outcomes are associated with an individual's motivation (Aydin, 2012).

In the same perspective, Mc Gregor's Theory X and Y stresses the significance of strict supervision, external rewards, penalties, and the motivating role of job satisfaction. This theory expounded that the degree of commitment to goals equals the size of the rewards associated with their accomplishment (Osa, 2014). However, agency theory assumes that the principal can limit differences from his interest by establishing suitable incentives for the agent (Majoor, 2012).

### **Outputs of The Study**

The study provides SUCs and other implementing agency administrators with relevant information that could be used to further enhance the implementation of the PBB system to benefit their employees and improve public service delivery.

Owners and managers of private organizations may likewise gain insight from the study, which they could use in examining and designing performance-based incentive systems for their employees. Educators and researchers may similarly utilize the results of the study as material for academic instruction and as a reference for future studies on a similar or related topic.

### **Framework of the Study**

This study modifies Adams' Equity Theory to explain the variables used in the current study (Figure 1). This framework proposes the notion that the perception of SUC faculty members of the performance-based bonus (PBB) system directly affects the level of their job satisfaction and organizational commitment.

This means that the more that SUC faculty members perceive equity between their performance and the value of the performance-based bonus they receive, the more they are likely to become satisfied with their job and committed to the organization. Otherwise, they will become dissatisfied with their job and disloyal to the organization.

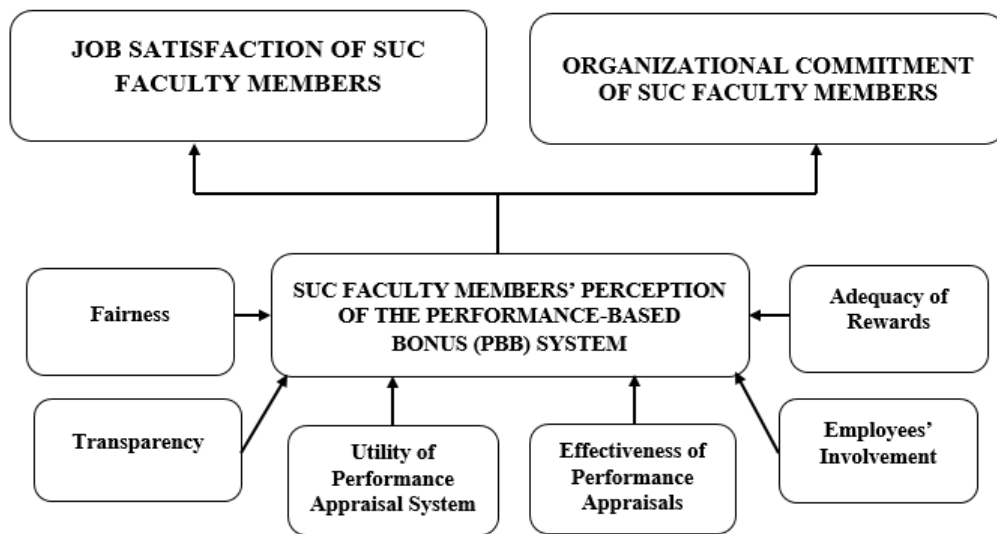


Figure 1. Conceptual Paradigm

Performance-based bonus (PBB) system is comprised of six conceptual domains: fairness, transparency, the utility of the performance appraisal system, effectiveness of performance appraisals, employees' involvement, and adequacy of rewards. These domains are considered bases for employee perception as to how successful an incentive system, i.e., the PBB system, is implemented, directly affecting employee job satisfaction and organizational commitment. For example, if an employee perceives that an incentive system is fair, he or she will likely become more satisfied and or committed to the job. On the other hand, if an employee perceives it to be unfair, he or she will become less satisfied and or committed to the job. Thus, successful implementation of an incentive system, in this case, the PBB system, requires meeting these characteristics; otherwise, it will diminish employee job satisfaction and commitment.

### Methodology

This study used a mixed design to examine the relationship between the level of job satisfaction and organizational commitment among SUC faculty members and their perception of the PBB system and explore from their point of view the underlying issues and concerns concerning the implementation of the PBB system and the ways by which it could be improved.

The study was conducted in the Bicol Region involving six SUCs located in the provinces of Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, and Sorsogon, respectively. Only one SUC was selected from each province. In cases wherein the SUC has several branches, only the main campus was chosen. In the case wherein more than one SUC was operating in the province, the study chose the oldest SUC. The respondents of the study are composed of permanent, contractual, and temporary SUC faculty members who have rendered one-year government service and above. Based on official records obtained from the Human Resource Department of each identified SUC, there was a total of 906 qualified faculty members from which the study took a representative sample of 260 (C.I.=95%; M.E.=5%) for the survey.

This study used structured survey questionnaires to facilitate the survey. The survey questionnaire used consisted of four parts. The first three parts are a modification of the instruments developed by Ismail (2012) to obtain information regarding the respondents' personal and professional background, level of job satisfaction, and organizational commitment. The modifications were made to suit the context and respondents of the study. The last section of the survey questionnaire was developed to determine the respondents' perception

of the PBB system regarding fairness, transparency, the utility of the appraisal system, effectiveness of performance appraisals, employees' involvement, and adequacy of rewards. The portion about the utility and effectiveness of the PBB appraisal system was adopted from Capadosa (2013). In general, the questionnaire asked the respondents to rate statements about a specific variable (e.g., job satisfaction, organizational commitment, fairness) using a five-point Likert scale. Focus group discussions (FGDs) were conducted to primarily explore underlying issues and concerns regarding implementing the PBB system and how it could be improved.

The data obtained from the survey were summarized and analyzed using descriptive and inferential statistics, while the data gathered from the FGDs were transcribed and coded to determine the emergent patterns with regard to the implementation of the PBB

system and the ways by which it could be improved.

### Results and Analysis

This chapter presents the interpretation and analysis of the data obtained from the survey and FGDs.

#### Job Satisfaction

SUC faculty members were highly satisfied with their job (M=3.84) (table 1). In the case of SUCs, faculty members appear to derive higher satisfaction from work itself (M=4.38), the kind of relationship they have with their peers at work (M=4.19) as well as their immediate supervisor (M=4.09). This implies that faculty members derive much satisfaction from work itself because it contributes to their personal goals and that a smooth relationship that they enjoy with their co-workers facilitates the attainment of this goal.

Table 1. Level of job satisfaction of SUC faculty members, Bicol Region, 2016

Test Statements	Mean Scores
I am satisfied with my job as a faculty member in this College / University.	4.38
I am satisfied with my co-workers in this College / University.	4.19
I am satisfied with my immediate dean and supervisor in this College / University.	4.09
I am satisfied with flexibility of working hours in this College / University.	3.97
I am satisfied with the administration of this College / University compared to other organizations.	3.96
I am satisfied with the process of determining my salary increase in this College / University.	3.91
I am satisfied with the loading system of the College / University.	3.87
I am satisfied with the process of the College / University in giving me opportunity for advancements.	3.86
I am satisfied with the physical working environment of the College / University.	3.76
I am satisfied with the system of the College / University in giving me a promotion.	3.72
I am satisfied with the amount of performance-based bonus I received from the College / University.	2.48
<b>Average Mean Score</b>	<b>3.84</b>

Note: 4.50-5.00 = Very High; 3.50-4.49 = High; 2.50-3.49 = Moderate; 1.50-2.49 = Low; 1.00-1.49 = Very Low



This finding can be linked to the study of Ismail (2012) that found out that job satisfaction emanates from the feelings and general attitudes of the employees in relation to their work, the working environment as well as the relationship and communication with their colleagues which suggests “that a person with a high level of job satisfaction holds positive feelings about his or her job, while an unsatisfied person holds negative feelings towards his colleagues.” In addition, the result appeared to be consistent with the idea of Kodwani (2012) that the level of job satisfaction “represents the emotional response of a person to a job situation which stems from the work itself, supervision and co-workers.”

On the other hand, the actual amount which they receive as PBB appear to be a source of relatively lower satisfaction among SUC faculty members (M=2.48). This suggests that the PBB has minimal contribution to the overall satisfaction that SUC faculty members feel towards their job. In the worst case, one could reasonably argue that based on the results, the PBB is a likely source of dissatisfaction among faculty members in SUCs.

This is because the amount of the PBB that they receive is not comparable with the bonuses received by their counterparts in the private sector. This sense of dissatisfaction infers that the PBB does not serve its basic purpose of rewarding performing employees, and, quite the contrary, it seems to discourage them. The result is consistent with the finding of Ismail (2012) which disclosed that public employees experienced lower levels of job satisfaction since performance-related pay in the public sector consistently fails to deliver on its promise.

**Organizational Commitment**

By and large, faculty members of SUCs in Bicol were highly committed to their organization (M=4.07) (table 2). Moreover, the results show that SUC faculty members appear to exhibit a high level of affective commitment as manifested by their willingness to spend the rest of their career in their academic institution (M=4.28) and work after office hours even if without pay (M=4.26).

Table 2. Level of organizational commitment of SUC faculty members, Bicol Region, 2016

Test Statements	Mean Scores
I would be willing to spend the rest of my career as faculty member of this College/University.	4.28
I am willing to work after office hour even if without pay.	4.26
I do feel like ‘part of family’ of this College/University.	4.23
This College/University has a ‘sentimental value’ to me.	4.10
I do feel 'emotionally attached' to this College/University.	4.09
I was taught to believe in the value of remaining loyal to this College/University.	4.08
It would be very hard for me to leave this College/University, even if I wanted to.	3.97
I never thought to leaving this College/University even the condition of this is not stable for this moment.	3.95
If I don’t get any increase in my take home pay, it’s alright for me.	3.89
If I get another offer for a better job elsewhere I would not feel it was right to leave this College/University.	3.89
Average Mean Score	4.07

Note: 4.50-5.00 = Very High; 3.50-4.49 = High; 2.50-3.49 = Moderate; 1.50-2.49 = Low; 1.00-1.49 = Very Low

The respondents also feel a sense of belongingness since they feel like they are part of a family (M=4.23) to which they place a fair amount of sentimental value (M=4.10) and a deep sense of emotional attachment (M=4.09) and loyalty (M=4.08).

This result suggests that SUC faculty members have a strong emotional and psychological attachment to their institution, which means that they feel a strong sense of affection towards their institution and that they are willing to remain part of the school regardless of the situation to continuously serve the government and the interest of the students. Moreover, the fact that faculty members scored the lowest in normative commitment supports the notion

that their desire to stay and work for the school largely stems from their emotional attachment to the institution and less from the view that doing so is merely an obligation. This is consistent with the findings of Watson (2010) that employees with a high level of affective commitment have a willingness to exert considerable effort on behalf of the group and a strong desire to maintain membership in the organization.

**Perception of SUC Faculty Members of the PBB System**

Table 3 shows that SUC faculty members are neutral on their view with regards to the PBB system (M=3.13).

Table 3. Perception of SUC faculty members of the PBB system, Bicol Region, 2016

Variables of the PBB System	Mean Scores
Utility of Performance Appraisal System in the PBB System	3.37
Effective Performance Appraisal in the PBB System	3.35
Transparency of the PBB System	3.24
Fairness of the PBB System	3.22
Adequacy of Rewards of the PBB System	3.13
Employees' Involvement in the PBB System	2.49
Average Mean Score	3.13

Note: 4.50-5.00 = Strongly Agree; 3.50-4.49 = Agree; 2.50-3.49 = Neutral; 1.50-2.49 = Disagree; 1.00-1.49 = Strongly Disagree

However, in the survey, most of the SUC faculty members dissent that they were ever involved in implementing the PBB system (M=2.49). This finding suggests that the development and implementation of the PBB system in Bicol SUCs is basically treated as a management function which indicates that SUCs do not adopt a participatory management system in Bicol in the implementation of the PBB system.

**The Effect of Faculty Members' Perception of the PBB System on their Job Satisfaction and Organizational Commitment**

This portion presents the information about the effect of the faculty members' perception of the PBB system on their job satisfaction and organizational commitment. For this purpose, correlation and linear regression analyses were performed.

The resulting correlation coefficient between employee perception and job satisfaction was .422 (p=.01), which indicates a significant moderate, positive relationship between the faculty's perception of the PBB system and job satisfaction (Table 4).

Table 4. Relation of faculty perception of the PBB system to job satisfaction and organizational commitment

	Job Satisfaction	Organizational Commitment
Pearson Correlation	.422**	.406**
Sig.(2-tailed)	.000	.000
N	260	260
Interpretation	Moderate	Moderate

\*\* Significant at the 0.01 level (2-tailed).

In turn, the correlation coefficient between employee perception and organizational commitment was .406 ( $p=.01$ ), which also indicates a significant moderate, positive relationship between the faculty’s perception of the PBB system and the organizational commitment (Table 4).

These results suggest that the more SUC faculty members perceive the PBB system to be equitable, the more likely they will become satisfied with their work and committed to the institution. Conversely, if the faculty members perceive that the PBB system is less equitable, it will likely diminish their job satisfaction and organizational commitment.

In order to quantify the effect of each of the domains presumed to comprise the faculty’s

perception of the PBB system with respect to job satisfaction and organizational commitment, the employee scores for job satisfaction and organizational commitment were regressed separately against employee perception of the PBB system.

Table 5 shows the result of linear regression analysis wherein the level of employee job satisfaction was regressed against the six domains presumed to influence employee perception of the PBB system, namely: fairness, transparency, the utility of the performance appraisal system, effectiveness of the performance appraisal system, employees’ involvement, and adequacy of rewards.

Table 5. Regression analysis among independent variables and job satisfaction

Independent Variables	Coefficients, $\beta$	Sig.	Std. Error	Collinearity Statistics	
				Tolerance	VIF
Constant	2.790	.000	.154		
Fairness	.009	.861	.053	.461	2.167
Transparency	.210	.001**	.064	.333	3.005
Utility of PAS	.055	.477	.078	.248	4.031
Effective Performance Appraisal	.070	.330	.072	.287	3.482
Employees’ Involvement	.033	.432	.042	.605	1.652
Adequacy of Rewards	-.055	.281	.050	.561	1.783
F Value	11.236				
R Square	.210				
Adjusted R Square	.192				

\*\* Significant at the 0.01 level

The results show that of the six variables of the PBB system, only one, i.e., transparency, was found to significantly affect the level of job satisfaction among SUC faculty members ( $p=.001$ ) (Table 5). The value and positive sign of the coefficient for transparency ( $\beta=.210$ ) suggest that a one-point increase in the degree

of transparency in which the PBB system is perceived will increase the level of employee job satisfaction by .210 points. In the case of SUCs, increasing the degree of transparency would both mean improving communication and disclosure of matters relevant to the PBB and in-

creasing employee involvement in the performance targets and evaluation instruments formulation.

On the other hand, Table 6 presents the results of a similar regression model but uses organizational commitment as the dependent variable.

Table 6. Regression analysis among independent variables and organizational commitment

Independent Variables	Coefficients, $\beta$	Sig.	Std. Error	Collinearity Statistics	
				Tolerance	VIF
Constant	3.012	.000	.164		
Fairness	.081	.155	.057	.461	2.167
Transparency	.202	.003**	.067	.333	3.005
Utility of PAS	-.141	.089	.083	.248	4.031
Effective Performance Appraisal	.214	.005**	.077	.287	3.482
Employees' Involvement	.036	.426	.045	.605	1.652
Adequacy of Rewards	-.059	.274	.054	.561	1.783
F Value	10.911				
R Square	.206				
Adjusted R Square	.187				

Note: \*\* Significant at 95%.0 Confidence Interval

The regression analysis revealed that two of the six variables of the PBB system, i.e., transparency ( $p=.003$ ) and effectiveness of performance appraisal ( $p=.005$ ), were found to have a significant effect on the level of organizational commitment among SUC faculty members (Table 6). The value and the positive sign of the coefficient for transparency ( $\beta=.202$ ) suggest that a one-point increase in the degree of transparency in which the PBB system is perceived will increase the level of organizational commitment among employees by .202 points.

In turn, the value and the positive sign of the coefficient for the effective performance appraisal ( $\beta=.214$ ) suggest that a one-point increase in the degree by which the PBB appraisal system is perceived to validly reflect individual employee performance will consequently increase the level of organizational commitment among employees by .214 points.

The collinearity statistics for each regression model exhibited high acceptable levels of tolerance values which are comfortably above the recommended minimum level of tolerance value of .20 (Menard, 1995) as well as acceptable levels of variance inflation factors (VIF) which did not exceed the recommended maximum VIF value of 5. The tolerance and VIF values indicate no evidence of multicollinearity in

any of the variables in each regression model, which could adversely affect their results.

**The PBB System: Focus Group Discussion with SUC Faculty Organization Officers**

The following presents the results and discussions of the six FGDs which involved 42 officers of the different SUC faculty organizations in the Bicol Region.

It highlights the factors affecting the implementation of the PBB system as well as the possible actions that could be taken to improve them based on the personal observations and experiences articulated by the FGD participants.

**Factors Perceived by the Participants that Affect the PBB System**

**Validity of PBB evaluation instruments.**

The FGD participants maintained that the evaluation instruments used in the PBB system are unreliable, inappropriate, and subjective. They said that, as such, it forfeits the real purpose of the PBB system since this does not actually reflect and consequently reward the actual performance of SUC faculty members and other employees. This then contributes to the wariness that employees feel towards the PBB system.

**Transparency.** The FGD participants maintained that information about individual faculty ranking, performance targets, and relevant guidelines are not adequately disseminated to SUC faculty members. They attributed this to the lack of an effective information and communication system in the SUCs.

They related that the PBB system is being implemented in the SUC without proper consultation and communication between the administration and the faculty members. This diminishes employee confidence in the PBB system.

**Employee engagement.** Closely related to the issue of transparency is the involvement of employees in the implementation of the PBB system. The participants said that the employees have very limited participation, especially in formulating the PBB instruments and setting the PBB performance targets.

They pointed out that the audiences in meetings and discussions regarding the PBB did not entirely represent the employees. This created the impression that implementing the PBB system is more of a function of the SUC administration and much less of the employees.

**PBB Forced-Ranking System.** FGD participants repeatedly raised the issue concerning the ineffectiveness of the forced ranking system in implementing the PBB system in Bicol SUCs. They emphasized that the forced-ranking system forfeits the purpose of the PBB rewards system because of the unnecessary but intentional adjustments to the actual employees' performance. They stated further that the PBB's existing evaluation process ignores SUC employees' actual and tangible contributions to achieving the performance targets.

### **Recommendations Given by the Participants to Improve the PBB System**

During the focus group discussions, SUC faculty officers suggested reviewing and revising the existing PBB evaluation instruments to increase validity since the existing PBB instrument does not effectively measure the performance of the employees, and it neglected the actual contribution of the faculty members to the performance targets. For this purpose, they also suggested that inputs from relevant experts and external parties such as Accrediting

Agency of Chartered Colleges and Universities in the Philippines (AACCUP) and the International Organization for Standardization (ISO) should also be considered.

Furthermore, FGD participants have suggested that all decisions regarding the PBB system should be made transparent by effectively disseminating information and ensuring that all the employees well understand these. The FGD participants also recommended that the involvement of employees in the course of implementing the PBB system should be highly encouraged. This is to solicit inputs or feedback and obtain consensus from employees to avoid or minimize conflicts or complaints. They explained that engaging employees in implementing the PBB system, particularly in the formulation of the PBB performance targets and evaluation instruments, is the best way to make the faculty members cognizant and supportive of the PBB system. Last but equally important, SUC faculty officers strongly recommend that SUCs avoid, if not eliminate, the use of the forced-ranking system in the implementation of the PBB system to make it more effectively address the needs of SUC employees for a more equitable performance-based incentive.

### **Conclusion and Recommendations**

Survey results show that SUC faculty members in Bicol Region are highly satisfied with their job. They appear to derive higher satisfaction from the work itself and the kind of relationship they have with their peers at work and with their immediate supervisor. However, their experience with the PBB, particularly with the "forced-ranking" scheme, appears to be a possible source of job dissatisfaction. SUC faculty members also appeared to exhibit a high level of affective commitment, which emanates from having a strong emotional and psychological attachment to their institution rather than from material or social considerations.

The survey revealed that SUC faculty members were neutral in their views toward the PBB system. This may be partially explained by the faculty respondents' anxiousness about the possible consequences of their responses. However, the FGDs disclosed some concerns evidencing the ineffectiveness of the SUC PBB

system, i.e., unfairness and ineffectiveness of the performance appraisal due to the forced-ranking system, lack of transparency, non-involvement of SUC employees, and inadequacy as well as irregularity of benefits in the implementation, which forfeits the original purpose of the PBB system.

Moreover, there is quantitative and qualitative evidence that the manner by which the PBB system is implemented directly affects job satisfaction and organizational commitment among SUC faculty members. Specifically, the evidence suggests that the degree to which SUC faculty members perceive the performance appraisal as valid and effective significantly affects their organizational commitment. Additionally, the degree to which SUC faculty members perceive the PBB system as transparent directly affects their satisfaction with their job and commitment to their institution.

Several factors and issues, i.e., the validity of PBB evaluation instruments, transparency, employees' engagement, and the PBB forced-ranking system, affect the implementation of the PBB system, particularly in the case of SUCs in the Bicol Region. Thus, addressing these issues becomes urgent given the prevailing wariness and lack of confidence among faculty members towards how the PBB system is being implemented in their respective SUCs.

The study offers the following recommendations to help address the issues in the PBB system and for use in future related studies:

1. The government should review the existing PBB system guidelines to make necessary revisions to increase the validity of evaluation instruments, transparency of the evaluation process, and meaningful involvement of the employees in this review process. For this purpose, inputs from relevant experts and external parties such as AACCUP and ISO and the SUC "labeling" should also be considered.
2. The government should consider revising the PBB ranking system to ensure that all the employees' individual performances are fully recognized and equitably rewarded.
3. SUCs should revisit their information and communication plans to ensure that teaching and non-teaching personnel are regu-

larly and clearly informed of matters regarding the implementation of the PBB, particularly concerning performance targets and evaluation requirements. This is to avoid or reduce confusion and complaints and ensure organizational cohesion and collective compliance.

4. The survey instrument used in the current study to determine the perception of SUC faculty members on the PBB system can be further subjected to principal component analysis and other tests of reliability to increase its validity for the benefit of future related studies.
5. To improve the models used in the current study, future investigators could add other explanatory variables such as the types of employees based on their motivation, employee's perception of the PBB evaluation criteria, classification of employees by rank or position, among others, to improve the explanatory power of the regression models of the current study. Future researchers would also benefit from using a larger sample to include various employees of SUCs, i.e., non-teaching personnel, to address the inherent limitation of this study.
6. Future research with a more in-depth approach could be conducted. They could incorporate non-monetary incentives, i.e., recognition, promotion, and appreciation, hence, establishing a stronger relationship between the reward system, job satisfaction, and organizational commitment.

## References

- Abugre, S. S. (2013). The influence of rewards and job satisfaction on employees in the service industry. *The Business & Management Review*, 3(2), 30.
- Ahmad, R. (2015). The mediating effect of organizational justice in determining the relationship between performances based pay and employees' turnover intention (A Research Propositions within the Malaysian Context) . *International Journal of Contemporary Applied Sciences*, 2(6), 164-166.
- Aydin, O. T. (2012). The impact of theory x, theory y and theory z on research performance: An empirical study from a Turkish university. *International Journal of Advances in Management and Economics*(1), 49.

- Belle, N. (2015). Monetary incentives, motivation, and job effort in the public sector: an experimental study with Italian government executives. *Review of Public Personnel Administration*, 35(2), 101.
- Boachie-Mensah, F. (2011). Performance-based pay as a motivational tool for achieving organisational performance: An exploratory case study. *International Journal of Business and Management*, 6(12), 271-272.
- Capadosa, P. B. (2013). *The employees' perception of the performance appraisal system of the local government of Iloilo city, Philippines*. [Master's thesis, Ritsumeikan Asia Pacific University], 1,3,6.
- Civil Service Commission. (2016). PBIS Governance, Policy and Prospective Developments. Retrieved from <http://www.gov.ph/pbb/faqs/>.
- Department of Education. (2015). DepEd Order 30. Guidelines on the grant of performance-based bonus (PBB) for the Department of Education (DepEd) employees and officials. Retrieved from <http://www.deped.gov.ph/pbb/>.
- Digo, G. (2013). Faculty performance rating and its relation to the level of understanding on performance-based incentive system. *Sorsogon State College Research Journal*, 2, 232-233.
- Fatima, N. et al. (2013). Impact of rewards system on teacher's motivation: Evidence from the private schools of Karachi. *Journal of Education and Social Sciences*, 1(1), 1-2.
- Huttu, E. (2014). *The effects of incentives on performance and job satisfaction*. Unpublished master's thesis. India: Tempere university of Technology, 17.
- Ismail, N. (2012). *Organizational commitment and job satisfaction among staff of higher learning education institutions in Kelantan*. Unpublished thesis. Malaysia: Universiti Utara Malaysia
- Kanwar, Y. P. S., Singh, A. K., & Kodwani, A. D. (2012). A study of job satisfaction, organizational commitment and turnover intent among the IT and ITES sector employees. *Vision*, 16(1), 27.
- Kodwani, Y. K. (2012). A study of job satisfaction, organizational commitment and turnover intent among the IT and ITES sector employees. *Vision*, 16(1), 28.
- Larkin, I. M., Brantley-Dias, L. & Lokey-Vega, A. (2016). Job satisfaction, organizational commitment, and turnover intention of online teachers in the K-12 setting. *Online Learning*, 20(3), 28.
- Majoor, M. (2012). *The effect of incentive intensity on job satisfaction*. Master Thesis. Netherlands: Universiteit van Amsterdam
- Mintarti, R. (2014). Effect of compensation on motivation, organizational commitment and employee performance (studies at local revenue management in Kendari city). *International Journal of Business and Management Invention*, 3(2), 64-75.
- Munzhedzi, P.H. (2011). *Performance management system and improved productivity: A case of the department of local government and housing in the Limpopo province*. Unpublished Master's Thesis. South Africa: University of South Africa
- Osa, I. G. (2014). Monetary incentives motivates employee's on organizational performance. *Global Journal of Arts Humanities and Social Sciences*, 2(7), 63.
- Park, S., & Sturman, M. C. (2012). How and what you pay matters: the relative effectiveness of merit pay, bonuses and long-term incentives on future job performance. *Compensation & Benefits Review*, 44(2), 80-85.
- Rizal, M. (2014). Effect of compensation on motivation, organizational commitment and employee performance (studies at local revenue management in Kendari city). *International Journal of Business and Management Invention*, 3(2), 66.
- Saleem, S. (2011). The impact of financial incentives on employees commitment. *European Journal of Business Management*, 3 (4), 259.
- Srivastava, S. (2013). Job Satisfaction and Organizational Commitment Relationship: Effect of Personality Variables. *Vision*, 17(2), 159-167.
- Suma, S. (2013). Job satisfaction and organizational commitment: the case of Shkodra municipality. *European Scientific Journal*, 9 (17), 43.
- Tella, A., Ayeni, C. O. & Popoola, S. O. (2007). Work motivation, job satisfaction, and organizational commitment of library personnel in academic and research libraries. *Library Philosophy and Practice*, 1(1), 6.
- Torneo, A. R., Malbarosa, A. & Espiritu, L. et al. (2016, October 29). The Performance-Based Incentives System and its effects on DILG, CHED and DEPED. <http://www.csc.gov.ph/phocadownload/userupload/hrsympo/Performance-Based%20Incentives%20System-Dr.%20Ador%20Torneo.pdf>.
- Waqas, Z. (2014). The effect of monetary and non-monetary rewards on employee engagement and firm performance. *European Journal of Business and Management*, 6(31), 73-75.
- Watson T. (2010). Leader ethics and organizational commitment. *Undergraduate Leadership Review*, 3(1), 16-26.

Yazdanifard, R. (2014). The impact of positive reinforcement on employees' performance in organizations. *American Journal of Industrial and Business Management*, 4, 9.

Younes, M. R. (2012). *Job satisfaction and work performance a case study of the American University in Cairo*. [Master's thesis, The American University in Cairo School of Global Affairs and Public Policy].