Impacts of Digitization of Business Permits and Licenses in District 3 Quezon City

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Article history:
Submission November 2022
Revised August 2023
Accepted August 2023

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ABSTRACT

This study aimed to determine the Impacts of Digitization of Business Permits and Licenses in District 3 Quezon City in terms of service satisfaction on time efficiency, reliability, cost-effectiveness, and convenience in business permit and license application of the business owners as the respondents of the study. The researchers used a descriptive method of research instruments to gather vital data from 380 business owners and guided the researchers in determining the result of the study. The researchers found that the respondents were very satisfied with digitizing business permits and licenses.

It was recommended by the researchers that in order to enhance e-governance, the Business Permit and Licensing Department must include alert/reminder messages thru Short Message Service (SMS) in informing the status and deficiency of business permit and license application documents submitted by the business owners. Furthermore, there must be a system integration of all departments involved in processing business permits and licenses to ensure complete compliance in order not to hamper the business owners’ applications.

Keywords: Business Permit, Business License, Digitization, EBPLS, Electronic

Introduction

E-governance is a critical component of public administration reform around the world. It is also used to track the progress of government services in terms of efficiency and effectiveness. The Philippines endeavored to establish a National Government Portal (NGP) that would provide swift and efficient delivery
of public services as the sole portal for e-services and information access. As a result, the country would then join 193 other UN Member States in the High OSI Group in 2016, which focuses on e-participation tools and online services. In terms of e-Governance, the Philippines is progressing toward automation, the report claims. The Siar study asserts, however, that the nation’s primary websites and other online services are merely interactive. Additionally, she noted that every region in Mindanao lacks a website, whereas, in the National Capital Region (NCR) in Luzon, 33% of websites are only utilized to access frontline material like application procedures and form downloads.

In the Philippines, local government units (LGU) have primarily relied on taxes and business license registration fees for funding. However, as highlighted, the procedure for requesting new business permits and renewing existing ones is still challenging and time-consuming. According to the survey, processing times of a month or longer and an excessive number of requirements were the bottleneck factors that contributed to the rise in the number of business permit registrants. Moreover, in 2016, Joint Memorandum Circular No. 1 (JMC 2016-1) was published to simplify the licensing and business permit application process and cut the processing time for new and renewed business permit applications down to one or two days, respectively. However, up to now, this policy’s execution has not been sufficient.

Hence, this study seeks to identify the impacts of digitization of business permits and licenses, particularly in District 3 Quezon City business owners. Since the Local Government Unit has started its plan to embrace the so-called digitization of business permits and licenses around 2019, we aim to know the pivotal effect on the implementation of this ambitious project.

**Review of Related Literature**

According to Section 5 of RA 11032, all government offices and agencies are required to conduct regular cost compliance analyses, time and motion studies, evaluate and improve their transaction systems and procedures, and reengineer the same if deemed necessary to cut down on bureaucratic red tape and processing times.

Section 8 of the latter states that the head of the office or agency is in charge of carrying out this Act and is accountable to the public for providing prompt, effective, convenient, and dependable service. Consequently, all activities are assumed to have been taken with approval or clearance from the highest authority with responsibility over the relevant government office or agency.

Quezon City Mayor Joy Belmonte reconstituted the Ease of Doing Business and Automation Task Force to help the local government better align its initiatives with various national policies and further streamline its operations, as stated in a press release.

Moreover, a back-end system and intranet connecting all offices, as well as the usage of electronic papers rather than paper ones, are just a few of the systems that are encouraged to be computerized and digitalized for speedier transactions. The committee can also focus on facilitating electronic payments for municipal government services and transactions, such as paying online and using credit or debit cards among others in QC Hall and payment kiosks in key areas all over the municipality.

In order to provide higher-quality, more cost-effective government services and to improve and strengthen relations between the government and its citizens, e-government has been about repositioning the state to go global. The provision caused a change from the street level to the system level in the bureaucracies of several agencies. As stated, the public sector greatly benefits from e-government as it decreases the discretion of street-level officials, thus, resulting in a boost of bureaucratic accountability. Meanwhile, the digital government lowers transaction costs by keeping only highly qualified employees within the organization. With the goal of enhancing service delivery, governments all over the world have turned to using web-based business models. The research of Ndou, Bonson, Torres, Royo, Flores, and Chadwick emphasizes that ICT has a significant potential to sustain national development priorities toward effective governance. However, Layne et al’s study contends that e-
government initiatives without adequate institutional mechanisms will result in the failure to implement e-government programs. Public leaders and officials must develop the ability to balance and coordinate among all e-government components in order to effectively explain their service priorities. According to Moon, the operation and advancement of e-government are influenced by the size of local government units' populations as well as their socioeconomic status. He also asserts that the main forces behind the implementation of e-government are financial and human resources.

According to Alzahrani et al., citizens’ perceived trust is the primary factor determining their propensity to use e-government services. Belanger argues that the uptake of e-government services is hindered by citizens’ lack of trust. This relationship was also supported by the Lean et al study. There, they identified that perceived ease of use and perceived service quality positively influence citizens’ trust and, ultimately, their urge to use e-government services. Perceived usefulness, on the other hand, has a minor positive impact on this intention. Along with these criteria, compatibility, and trustworthiness were identified by Carter et al. as major predictors of people’s propensity to use the e-government service. This implies that citizens welcome the digital transformation of government; however, the adoption of e-government may be negatively impacted by a number of variables, including service dissatisfaction and perceived technological hazards.

Every country has a standard procedure for regulating revenue-generating business applications. Enterprises must first obtain permission before founding and operating a business as required by the program, which is a component of a larger policy of liberalizing the economy and promoting entrepreneurial development. The drive to streamline company licensing has been impeded by numerous concurrent initiatives to revive local authority budgets. According to the Bruhn study, streamlining business application regulations promotes active involvement and increases the number of registered enterprises.

Furthermore, according to the World Bank, the process for registering a business are simple and quick in developed nations. For instance, Canada has a website called Business Online Registration that offers registration instructions as well as a web application that registrants can use to submit their applications with ease. A study by Medina et al. likewise presents another intriguing approach known as the Image/Workflow system that converts a complicated licensing system into straightforward procedures, which are more customer-focused, yield more productivity, and keep track of work progress. The optical storage system then permanently archives all applications. This approach is effectively being used in the Clark County Department of Business License in Nevada, USA.

By merging many services into a single service center, One Stop Shop (OSS) business licensing centers offer small businesses licensing services that are quicker, easier, and more cost-efficient. These OSS make it possible for higher business formalization rates, which, then, generates long-term job growth, more resources for the government, and better economic expansion. Moreover, the OSS has physical setups aiming to lessen the contact between applicants and authorities, address inefficiencies in the licensing administration, and ease the load on enterprises. However, realizing the full potential of a one-stop government is a difficult task that necessitates multi-level integration efforts.

According to Blunt and Davidsen, the one-stop shop model in Vietnam has helped reinforce citizens’ rights by offering a more effective and convenient interface to governmental administrative services with regulated, disclosed, and transparent fees, charges, and timeframes.

Electronic business registration is likely to be more effective, given citizens’ positive and supportive attitudes toward one-services. The challenge now is in determining how these suggested conceptual frameworks, such as the Image or Workflow system and OSS, might hasten the business registration process in order to offer small firms swifter, easier, and more economical licensing services. The scheme will also aid in reducing the number of points of contact between clients and officials in an effort to combat the nation’s corruption issue.
Methods
The research methodologies and design, data sources, research instrument, data collection techniques, and statistical analysis of data used in this study are all covered in this chapter.

Research Design
Knowing the effects of digitizing the procedure of business permits and licenses in District 3 of Quezon City is the goal of this descriptive type of research.

The responders to this study were only contacted once, and no particular group of people were followed over time. In terms of the time or period of conduct, this method of data collection turned the study into a descriptive one. Through the survey, the researcher only once obtained data from the respondents.

The information was gathered from both primary and secondary sources. The answers provided by business owners to questionnaires that were specifically designed for them based on the study’s problems were the primary source of data in this study. Secondary sources of data included print materials such as journals, newsletters, and non-print materials available online.

Population and Sampling Respondents of the Study
The researchers used an online sample size calculator in determining the total number of respondents needed for the study. There were a total of 53,529 approved business permits in Quezon City from January 2022 to June 2022 of which 9,563 approved came from District 3. The researchers needed 370 respondents from District 3 Quezon City. The researchers however were able to gather data from 380 respondents.

Research Instrument
This study relied on a survey questionnaire as its major data collection technique, which was evaluated and approved by Research Professionals before being referred to the Quezon City Government’s Business Permit and Licensing Department and Section Heads.

The first part of the instrument includes profile of the respondent in terms of location, business type, and years in business operation. The second part determines the level of satisfaction of respondents through the online application of business permits and licenses in terms of time efficiency, reliability, cost-effectiveness, and convenience. The third part includes the suggested recommendation of the business owners in terms of the digitization process in applying for a license or business permit.

Data Gathering and Procedure
After getting the approval, the researchers then distributed the survey questionnaires to the respondents via partner couriers of the Quezon City Government.

Statistical Treatment of Data
MS Excel 2013 was used to total and tabulate the results, and statistical procedures such as frequency counts, percentages, means/averages, and chi-square tests were utilized to clearly describe and interpret/understand the gathered data.

Frequency. It is the respondent’s real response to an specific item/question in the questionnaire in which he ticks his choice.

Percentage. This was used as descriptive statistics or to characterize a subset of the entire.

The statistical formula is
\[ P = \frac{f \times 100}{N} \]
Which stands for: \( P = \text{percentage}; f = \text{frequency}; N = \text{Number of respondents} \)

Mean. A mathematical average of two or more numbers. It is a measure of the central tendency of a probability distribution along the median and mode.
Figure 1. Mean Formula

**Likert’s Scale.** Likert’s Five Point Scale rating will be used. The following scales were utilized to determine the perception of respondents:

<table>
<thead>
<tr>
<th>Scale</th>
<th>Interval Range</th>
<th>Descriptive Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4.20-5.00</td>
<td>Very Satisfied</td>
</tr>
<tr>
<td>4</td>
<td>3.40-4.19</td>
<td>Satisfied</td>
</tr>
<tr>
<td>3</td>
<td>2.60-3.39</td>
<td>Neutral</td>
</tr>
<tr>
<td>2</td>
<td>1.80-2.59</td>
<td>Dissatisfied</td>
</tr>
<tr>
<td>1</td>
<td>1.00-1.79</td>
<td>Very Dissatisfied</td>
</tr>
</tbody>
</table>

**Chi-square statistic.** It is one way to show a link between two category variables. Variables are grouped into two sorts in statistics: numerical (countable) variables and non-numerical (categorical) variables. A chi-squared statistic is a single value that shows you how much difference there is between your observed counts and the counts you would predict if the population had no relationship at all.

In line with this, the study used IBM SPSS Statistic 25 in computing this statistical treatment of the data.

**Results And Discussion**

This chapter includes the findings and discussions of the data gathered in response to the study’s stated problem statement.

**SOP No. 1.** What is the profile of the respondents in terms of:

a. Type of Business
b. Location of Business
c. No. of Years in Business Operation

**Profile of the Respondents**

One of the numerous advantages of data profiling is that it can diagnose the quality of your data. Based on these findings, you will be able to devise a strategy to improve the health of your data. Furthermore, if your goal is to acquire a representative sample of that community, understanding the distribution of your respondents' data profiling will help you estimate how closely the sample reflects the population.

The main respondents of this study came from one of the districts in LGU Quezon City, District 3. These are business owners within the area of jurisdiction who acquire business permits and licenses online. The type of business, location of the business, and the number of years in the business operations are the respondents' profiles used in this study.

**Table 2. Type of Business**

<table>
<thead>
<tr>
<th>Type of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Proprietorship</td>
</tr>
<tr>
<td>Partnership</td>
</tr>
<tr>
<td>Limited Liability Companies (LLC)</td>
</tr>
<tr>
<td>Corporation</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
Table 2 shows the type of business of the respondents. There were 41.3% (157) Sole Proprietorships, 29.2% (111) were Partnerships, 26.3% (100) were Corporations and 3.2% (12) were Limited Liability Companies (LLC) who were business owners in District 3 Quezon City. Results revealed that most of the participating respondents from the 380 total business owners were Sole Proprietorships, while Limited Liability Companies (LLC) got the lowest total percentage.

Table 3. No. of Years in Business Operation

<table>
<thead>
<tr>
<th>No. of Years in Business Operation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>184</td>
<td>48.40</td>
</tr>
<tr>
<td>6-10 years</td>
<td>81</td>
<td>21.30</td>
</tr>
<tr>
<td>11-15 years</td>
<td>38</td>
<td>10.00</td>
</tr>
<tr>
<td>16-20 years</td>
<td>28</td>
<td>7.40</td>
</tr>
<tr>
<td>21-25 years</td>
<td>49</td>
<td>12.90</td>
</tr>
<tr>
<td>26 years and above</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>380</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3 shows the no. of years in the business operation of the respondents. It shows that business operations from 0-5 years got the highest percentage total which is 48.4 % (184). While the percentages of other businesses in terms of years of existence from 6-10 years, 21.3% (81), from 21-25 years, 12.9% (49), from 11-15 years, 10% (38), and from 16-20 years 7.4 % (28) respectively.

Results revealed that most of the participating respondents from the 380 total business owners operated and/or existed their businesses for five years or less. Also, no business operated for more than 25 years.

SOP No. 2. What is the level of satisfaction of business owners through the online application of business permits and licenses in terms of:

a. Time efficiency
b. Reliability
c. Cost Effectiveness
d. Convenience

Table 4. Level of Satisfaction-Time Efficiency

<table>
<thead>
<tr>
<th>Time Efficiency</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Verbal Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saves time due to online processing of business permit and licenses application</td>
<td>4.62</td>
<td>.537</td>
<td>Very Satisfied</td>
<td>1</td>
</tr>
<tr>
<td>Time is saved because clear instructions on the application process are installed and are simple to follow</td>
<td>4.53</td>
<td>.613</td>
<td>Very Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>Online business application forms are being made simpler to save time filling them out</td>
<td>4.39</td>
<td>.728</td>
<td>Very Satisfied</td>
<td>3</td>
</tr>
<tr>
<td>If necessary, corrections or modifications are made on time</td>
<td>4.33</td>
<td>.737</td>
<td>Very Satisfied</td>
<td>5</td>
</tr>
<tr>
<td>Business permits and licenses for businesses were issued in less than a week.</td>
<td>4.36</td>
<td>.722</td>
<td>Very Satisfied</td>
<td>4</td>
</tr>
<tr>
<td>AVERAGE WEIGHTED MEAN</td>
<td>4.44</td>
<td>2.615</td>
<td>Very Satisfied</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows the “Very Satisfied” level of satisfaction of respondents in District 3 having an average mean of 4.44. This implies that they significantly save time in processing their application up to the delivery of Business Licenses.
Table 5. Level of Satisfaction - Reliability

<table>
<thead>
<tr>
<th>Reliability</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Verbal Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safe and secure, particularly with regard to the data and information entered</td>
<td>4.47</td>
<td>.727</td>
<td>Very Satisfied</td>
<td>1</td>
</tr>
<tr>
<td>If there are any system errors, they are addressed immediately.</td>
<td>4.46</td>
<td>.679</td>
<td>Very Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>An easy-to-use online system application</td>
<td>4.44</td>
<td>.689</td>
<td>Very Satisfied</td>
<td>3</td>
</tr>
<tr>
<td>The system being used is every now and then maintained by a system developer</td>
<td>4.41</td>
<td>.696</td>
<td>Very Satisfied</td>
<td>5</td>
</tr>
<tr>
<td>The system adequately follows the defined performance specifications</td>
<td>4.42</td>
<td>.702</td>
<td>Very Satisfied</td>
<td>4</td>
</tr>
<tr>
<td>AVERAGE WEIGHTED MEAN</td>
<td>4.44</td>
<td>3.493</td>
<td>Very Satisfied</td>
<td></td>
</tr>
</tbody>
</table>

As displayed in Table 5, the level of satisfaction of the respondents is very satisfied with an average mean of 4.44. This indicates that the system that the BPLD is using is trusted by the business owners. Furthermore, the online system is undergoing an upgrade to make it more dependable and secure.

Table 6. Level of Satisfaction - Cost Effectiveness

<table>
<thead>
<tr>
<th>Cost Effectiveness</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Verbal Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uploading the necessary documents is a simple process</td>
<td>4.45</td>
<td>.751</td>
<td>Very Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>Business permits and licenses are delivered door to door after being signed and approved</td>
<td>4.46</td>
<td>.709</td>
<td>Very Satisfied</td>
<td>1</td>
</tr>
<tr>
<td>Online processing shows updates of the application</td>
<td>4.45</td>
<td>.658</td>
<td>Very Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>Automatic sending of messages on the updates of the application</td>
<td>4.43</td>
<td>.714</td>
<td>Very Satisfied</td>
<td>3</td>
</tr>
<tr>
<td>Application for business permits and licenses typically only require a few documents</td>
<td>4.42</td>
<td>.728</td>
<td>Very Satisfied</td>
<td>4</td>
</tr>
<tr>
<td>AVERAGE WEIGHTED MEAN</td>
<td>4.44</td>
<td>3.56</td>
<td>Very Satisfied</td>
<td></td>
</tr>
</tbody>
</table>

As presented in Table 6, the cost-effectiveness of online processing has a mean average of 4.44, which means that the business owners are very satisfied that the online system reduces their expenses in applying for a business license. Moreover, this indicates that they are pleased that they can save money in applying for business licenses.

Table 7. Level of Satisfaction - Convenience

<table>
<thead>
<tr>
<th>Convenience</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Verbal Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saves transportation cost for direct physical business permits and licenses application</td>
<td>4.50</td>
<td>.739</td>
<td>Very Satisfied</td>
<td>2</td>
</tr>
<tr>
<td>The delivery of business permits and licenses is free of any charges.</td>
<td>4.53</td>
<td>.667</td>
<td>Very Satisfied</td>
<td>1</td>
</tr>
<tr>
<td>Minimizes if not eliminate COVID19 related health cost</td>
<td>4.46</td>
<td>.698</td>
<td>Very Satisfied</td>
<td>4</td>
</tr>
</tbody>
</table>
As shown in Table 7, the respondents are very satisfied having a mean average of 4.49. It indicates that business owners approved online processing for its convenience and easy access.

**SOP No. 4.** What are the respondents’ suggestions for continuously improving city services in applying for business permits and other licenses?

**Figure 2. Graphical Presentation of Respondents’ Suggestions**

According to the graph, the majority of business owners respond with "None." This simply means that 65% of the 380 respondents, or 245 business owners, have no more suggestions for improvement because they are already pleased with the services/facilities provided. The second suggestion on the above-presented graph, with a total of 15% (55 respondents) is to have additional evaluators during peak season, followed by 11% (42 respondents) technical assistance on the online application process. Then, 8% (30 respondents) suggested adding another kiosk for online applications. Finally, 1% (8 respondents) proposed for the chat attendant to handle the auto-replied Frequently Asked Questions messages (FAQs).

**Summary of Findings**

The study examines and evaluates the impacts of the digitization of business permits and licenses with the services provided by Quezon City’s Business Permits and Licensing Department. This study is designed exclusively for firms in District 3.

It collected relevant data from a quota of 380 respondents using the feedback survey questionnaire method. The chi-square test is used to test hypotheses. To evaluate the level of satisfaction of business owners, also known as research respondents, the mean and Likert scale were utilized.

The following are the study’s significant findings:
1. The BPLD has a high level of business owners' satisfaction as the result shows that they are very satisfied with the services provided and are of high quality.

2. There is a significant relationship that has a direct effect between no. of years in business operation in terms of:
   2.1 Time efficiency; 
   2.2. Cost-effectiveness; and 
   2.3 Convenience.

3. There is no significant relationship that has no direct effect between the type of business in terms of:
   3.1 Time efficiency; 
   3.2 Reliability; 
   3.3 Cost Effectiveness; and 
   3.4 Convenience 

4. There is a significant relationship between no. of years in business operation and time efficiency. This means that no. of years in business operation has a direct effect on time efficiency.

**Conclusion**

Based on the research conducted, the researchers, therefore, had the following conclusions:

1. The BPLD is properly implementing the online process of business permits and licenses.

2. There is a good service being delivered to its business owners in terms of technology innovation.

**Acknowledgment**

The researchers would like to offer their profound gratitude and appreciation to everyone who contributed their time and effort to making this study a reality. The researchers are also very grateful for the support, comments, suggestions, and advice they received from their research professors and individuals who helped them in every step of the study.

The researchers would also like to extend their wholehearted thanks to their research advisers Dr. Bernandino Malang, and Dr. Florinda Vigonte for sharing their professionalism, extending their time, and effort, and for patiently mentoring, guiding, and teaching them throughout the study.

They are also thankful to their families for the emotional and financial support as well as to their classmates and to the Quezon City's Business Permits and Licensing Division for the help they extended to the researchers.

Lastly, the researchers are very thankful and grateful to Almighty Father for his unswerving grace and mercy, giving them blessings, necessary strength, and perseverance in completing this study.

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