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## Exploring the Good Governance and Digitalization on the Efficiency of Integrated Business Permit and Licensing System in Bukidnon Local Government Units

Darlynjoy S. Aquilam<sup>1\*</sup>, Ronel V. Sudaria<sup>1</sup>

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### ABSTRACT

This study examined the influence of good governance and digitalization on the efficiency of the Integrated Business Permit and Licensing System (IBPLS) in selected Local Government Units (LGUs) in Bukidnon, Philippines. Anchored on the Technology Acceptance Model, Good Governance Theory, and the Digital Government Evolution Model, the study employed a quantitative descriptive-correlational design involving 400 Micro and Small Enterprises (MSEs). Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. Results revealed that good governance, digitalization, and IBPLS efficiency were generally rated high. Significant positive relationships were found among the variables, with responsiveness, transparency, accessibility, and process automation emerging as significant predictors of IBPLS efficiency. These findings suggest that governance quality and digitalization jointly contribute to more efficient, transparent, and citizen-centered business permitting services. The study contributes to the e-governance and public administration literature by providing empirical evidence on the complementary role of governance and digital transformation in improving local government service delivery in a rural context. Practically, the findings support ongoing efforts of LGUs and policymakers to strengthen digital permitting systems and governance reforms.

### INTRODUCTION

Business permitting processes play a critical role in economic development. However, globally, the APEC (2022) reported that it takes an average of 168 days to issue a permit, a delay exacerbated by the lack of digitalization characterized by paper-based application procedures, unlinked government databases, and inter-agency approvals that collectively slow down verification and processing. Similarly, inefficient business permit systems remain a major barrier to ease of doing business, with traditional processing systems often taking weeks or months due to bureaucratic layers and manual verification processes (World Bank, 2020).

In the Philippines, delays in business permit processing persist despite ongoing reforms. The operations of Micro and Small Enterprises (MSEs) in Cabanatuan City identified challenges related to business operations, technology access, financing, and regulatory compliance (Santos and Santos 2019). Studies further indicate that smaller enterprises experience difficulties in complying with Business Permits and Licensing System (BPLS) requirements due to administrative complexity and inefficient regulatory processes, affecting business satisfaction and operational performance (Niño & Gentoral, 2024). Similarly, Baquiran *et al.* (2021) emphasized that streamlined permit processing and responsive public services significantly influence the satisfaction and compliance of small business owners.

Moreover, the too many requirements such as barangay clearance, zoning clearance, sanitary permit, fire

safety inspection certificate (BFP clearance), building permit (when applicable), local tax clearance and other LGU specific certifications, and the processing time that takes about a month or more are the bottleneck points that caused the volume of business permit registrants to upsurge (Oñate *et al.*, 2018). In relation, a Joint Memorandum Circular No. 1 (JMC 2016-1) issued to streamline the business permit and licensing application to reduce the processing time for business permit renewals and new applications to one or two days, respectively (DILG & DICT, 2016). Moreover, the Philippine government has enacted various policies one such policy is the Ease of Doing Business (EODB) and Efficient Government Service Delivery Act of 2018 (Republic Act No. 11032), a legislative measure aimed at streamlining government processes to foster a more conducive business environment (DTI, 2021; Bhasin, 2019).

The concern over business Integrated Business Permit and Licensing System (IBPLS) Efficiency among MSEs is also evident in the Region X Northern Mindanao, Philippines. A study by Yroila *et al.* (2025), found that while business permits are essential for legal operations, compliance can be burdensome for vendors due to regulatory requirements and resource limitations. Moreover, Grepon (2021) highlights that many public sector systems in Northern Mindanao are still standalone and not fully integrated, leading to inefficiencies in data processing, delays, and limited coordination among offices. Despite the mandates of the EODB Law and

<sup>1</sup> MBA Students, Philippines

\* Corresponding author's e-mail: [darlynjoyaquilam@gmail.com](mailto:darlynjoyaquilam@gmail.com)

the BPLS, which promote streamlined processes through the Business One-Stop-Shop (BOSS), unified forms, and defined timelines (Joint Memorandum Circular, 2021), many Local Government Units (LGUs) continue to face challenges in fully operationalizing these reforms.

Furthermore, studies in nearby areas reveal persistent issues in service delivery and digital readiness. Erno and Salvaleon (2022) found that business owners in Surigao Del Sur were only moderately satisfied with registration and renewal procedures, emphasizing the need for stricter adherence to national standards such as JMC 2016-1. Moreover, digital readiness remains uneven, as Khalid and Lavilles (2019) noted that many LGU websites are still at basic development stages, limiting the effectiveness of online services. These challenges highlight governance gaps in transparency, accountability, and responsiveness. To address these issues, strengthening good governance practices such as enforcing regulatory standards, improving inter-agency coordination, and enhancing service accountability is essential (Ndukwe & Allison, 2021). Additionally, accelerating digital transformation through integrated systems, automation, and user-centered platforms can significantly improve processing time, reduce human error, and increase reliability (DICT, 2023; Chowdhury, 2024).

In the province of Bukidnon, the implementation of IBPLS reflects broader national reforms but remains underexplored in terms of efficiency, governance, and digitalization outcomes. While policies such as the EODB Law and recent initiatives like the EGovernance Act (Republic Act No. 12254) aim to institutionalize efficient, transparent, and citizen-centered service delivery, there is limited empirical evidence on how these reforms translate into actual performance at the provincial level. Challenges such as inconsistent service quality, limited system integration, and citizen complaints mirror findings from other contexts where inadequate public service standards hinder effective licensing processes (Nugraha, 2024).

Studies conducted in other provinces demonstrate the potential benefits of digitalized permit systems. Oñate *et al.* (2018) reported in Camarines Sur that the electronic BPLS significantly improved efficiency by reducing processing time to one day, while Alindajao (2023) reported that digitization in Quezon City enhanced time efficiency, reliability, and cost-effectiveness. In relation, the implementation of IBPLS in Bukidnon developed by the Department of Information and Communications Technology (DICT) helps LGUs automate business permit processing. To improve IBPLS efficiency in Bukidnon, there is a need to strengthen good governance mechanisms by enhancing transparency, standardizing procedures, and improving service delivery quality. Equally important is the expansion of digitalization efforts through fully functional e-governance platforms, improved website capabilities, and integrated databases to streamline transactions and enhance accessibility (Bajar, 2020; Manoharan *et al.*, 2023).

Given the foregoing, the researcher identified the need

to conduct this study with facts that only fewer studies analyzed the combined effect of good governance and digitalization on IBPLS efficiency in rural context, particularly in Bukidnon. This study is to assess the effect of good governance and digitalization towards IBPLS efficiency. Since the LGUs has started its plan to embrace the digitization of business permits and licenses around 2019, the study aims to know the important effect on the implementation of this project.

## LITERATURE REVIEW

This study is anchored on Technology Acceptance Model (TAM) by Davis (1989), which specifies the causal relationships between system design features, perceived usefulness, perceived ease of use, attitude toward using, and actual usage behavior. The study uses TAM to address why users accept or reject information technology and how user acceptance is influenced by system characteristics. The World Bank (2018) reported that ease of use and system reliability significantly affect user satisfaction and continued usage of e-government services. Similarly, The OECD (2019) further highlighted that user-friendly and efficient digital systems enhance public service delivery and citizen trust. The DICT (2022) underscored that usability and accessibility are critical factors in the adoption of digital government services, including business permitting systems. Thus, recent empirical studies such as Alalwan *et al.* (2017) found that perceived usefulness and ease of use significantly influence citizens' intention to use e-services.

Moreover, the good governance is anchored with the Good Governance Theory by World Bank (1992), develops from a set of principles or policies which are essential for the sustainable functioning of government institutions. Such principles include accountability, control, responsiveness, transparency, public participation, economy, efficiency etc. The underlying objectives of these principles are to enhance the calibre of public services, mitigate instances of corruption, and foster heightened confidence among the people in governmental institutions (Sumlinski *et al.*, 2021). Thus, good governance ensures that institutions are accountable to the public and that they operate transparently and efficiently. This, in turn, builds public trust and confidence in government operations (Graham *et al.*, 2019).

Furthermore, the digitalization is anchored with the Digital Government Evolution Model: From Transformation to Contextualization by Janowski (2015), describes how digital government evolves from simple digitization of internal processes toward complex, context-aware policy implementation. Palma *et al.* (2023) highlights the government's acknowledgement of technology's role in improving public service efficiency, transparency, and citizen participation, leading to the implementation of various initiatives and focus on digital transformation within public sector. Similarly, Barrios and Moreno (2024) mentions that e-Government initiatives, including the e-Services Portal and Open Data Portal have significantly

enhanced administrative efficiency, reduced processing times, and improved transparency can improve transparency and accountability.

### Good Governance

Good Governance refers to the methods and principles applied in the management and implementation of government policies (Jatmiko & Lestawan, 2016). The concept of Good Governance in this study covers a set of principles that pertain to accountability, participation, responsiveness and transparency. The underlying objectives of these principles are to enhance the calibre of public services, mitigate instances of corruption, and foster heightened confidence among the people in governmental institutions (Sumlinski *et al.*, 2021).

Ali (2017) conducted qualitative research to investigate the role of good governance practices in enhancing service delivery in public institutions in Tanzania. Using the Tanzanian Electric Supply Company Ltd, the study explored how good governance practices improved the service delivery in public institutions in Tanzania. The results of the study showed that good governance practices are adhered at TANESCO and that good governance had significance contributions to quality service delivery. The study concluded the existence of a relationship between good governance and service delivery.

Furthermore, the ideal of good governance in business permit and licensing operations is to encourage regulation that is efficient, transparent, and easy to implement so that businesses can blossom (Ndukwe & Allison, 2021). However, in the implementation of the licensing service by police of the Republic of Indonesia, there are still some obstacles, among them is the community's lack of understanding related to the procedure of application for licenses by the crowd and there are still a lot of people who do not understand how important it is to request permits when holding activities attended by many people. There are obstacles or complaints from the community in connection with public service, such as issuing licenses, which will result in a lack of quality service (Nugraha *et al.*, 2024)

Conversely, good governance in Vietnam have contributed to preventing corruption, enhancing publicity and transparency of Thu (2018), reducing monopolies by Ngoc-Tan and Gregar (2018); Phan (2019), promoting the capacity to exploit resources, and supporting the socio-economic development of the country and each locality. In addition, it helps to remove legal barriers and unnecessary transaction costs for local businesses, increase the competitiveness of enterprises, and create a unique competitive advantage for each locality and its businesses. Furthermore, good governance has an appropriate, practical, and meaningful impact on Vietnam's socio-economic growth strategy. It enables the government and businesses to focus on community development concerns such as job creation, poverty reduction, housing issues, urbanization, education, etc. When these challenges are resolved, they will have a significant impact on the local

community's socio-economic growth (My & Hanh, 2018).

### Digitalization

In our modern world, the pervasive influence of digitalization has transformed the way we live and operate. We readily embrace this digital shift to streamline our daily tasks and boost efficiency. However, the realm of government operations has not always been synonymous with innovation and agility. Government services, too often, are perceived as slow, disjointed, and cumbersome. To address these challenges, governments must harness the power of Digital Transformation by Karpenkova (2023), a process through which organizations infuse technology to drive fundamental changes. These changes promise to enhance efficiency, business agility, and value creation for employees, customers, and stakeholders.

The urgency of Digital Transformation in government is a global phenomenon. The Philippines stands as a notable example, where the national government has declared Digital Transformation a top priority. The goal is to become a digital and globally competitive nation by 2040 (Abarca, 2023). President Bongbong Marcos has charged the Department of Information and Communications Technology (DICT) with the mission of harnessing information and communication technology to build a safe, secure, and competitive nation (Philippine News Agency, 2023).

In 2022, the League of the Municipalities of the Philippines (LMP) took a proactive stance by prioritizing open access to services among Local Government Units (LGUs) through digitalization. This approach aims to simplify procedures for the public when availing LGU services (Tubadeza, 2023). In the same year, Department of Finance Secretary Benjamin E. Diokno encouraged LGUs to embark on digital innovation and transformation, emphasizing the need to keep pace with digitalization.

Globally, according to Prakash (2022), rural regions such as those in India face significant challenges in adopting e-governance due to inadequate infrastructure, poor connectivity, and limited digital literacy. Many rural communities struggle with unstable electricity and limited internet access, making it challenging to establish and maintain digital platforms essential for efficient online service delivery and citizen engagement. Furthermore, the lack of familiarity with digital tools among rural populations hinders their effective use of e-governance systems, underscoring the need for comprehensive digital literacy programs. Language diversity also poses barriers, as many rural areas speak local dialects that are not supported on digital platforms. In addition, low awareness and trust in digital governance systems persist, as traditional governance models remain deeply rooted in rural societies, leading to hesitation toward technological transitions.

In the Philippine context, Khalid and Lavilles (2019) found that many local government websites are still in the basic or emerging stages of development, indicating

significant potential for enhancing their digital presence and functionality. This finding aligns with the study of Bajar (2020), who examined 21 websites under the executive branch of the Philippine government, assessing various aspects such as website features, user engagement levels, and the range of electronic services provided. Complementing these findings, Manoharan *et al.* (2023) conducted a global survey across 100 countries in 2019, which showed that Manila, the capital of the Philippines, was among the lowest performing cities, scoring only 11.6 and ranking 97th overall. With the recent passage of the E-Governance Act (Republic Act No. 12254), the government is now mandated to accelerate digital transformation across all public offices, standardize online systems, and ensure efficient, transparent, and citizen-centered service delivery.

In the regional context, the adoption of e-governance continues to vary across different parts of the Philippines, reflecting disparities in digital readiness and implementation. For instance, Lagura (2017) conducted an assessment of city government websites in the Davao Region, revealing that although all cities had established an online presence, the overall quality and content of these websites reflected limited adoption and underutilization of e-governance practices. This suggests that, although the region has taken initial steps toward digital transformation, the potential of online platforms remains vastly underutilized. The study emphasized the need for Local Government Units (LGUs) in the region to strengthen their digital governance strategies by fully maximizing their online platforms to promote transparency, accountability, and citizen participation. In addition, the absence of proper ICT infrastructure and dependable internet access continues to pose a significant challenge for Local Government Units (LGUs) in establishing effective digital governance systems. The research conducted by Alfiani *et al.* (2024) demonstrates that developing nations face two significant infrastructure challenges: their broadband networks are unreliable, and their network coverage is insufficient, which blocks e-government service adoption and creates digital inequality between urban and rural populations. The delivery of continuous online public services becomes impossible when governments face infrastructure problems, including insufficient hardware, unstable internet connections, and poor system maintenance. The research conducted by Pangaribuan (2019) demonstrates that developing countries face significant obstacles to e-government implementation due to insufficient ICT infrastructure. The absence of reliable internet access prevents citizens from utilizing digital public services, resulting in social inequalities, decreased trust in government digital initiatives, and reduced public involvement. Additionally, Omweri (2025) demonstrates that e-governance initiatives in the Global South face substantial barriers to effective governance due to insufficient infrastructure and limited access to ICT. Local government units that aim to establish digital governance

should begin by establishing reliable ICT infrastructure, including stable internet access, modern hardware, and robust digital platforms. The success of digital services depends on basic infrastructure investments, as insufficient funding will prevent these services from reaching their target audience, thus harming public service delivery and participation.

### Integrated Business Permit and Licensing System Efficiency

Several studies have highlighted the significant role of digital transformation in enhancing the efficiency of business permit and licensing systems in Local Government Units (LGUs). For instance, Balasubramanian and Ramanathan (2018) emphasized that the adoption of online business permit systems markedly reduces processing time and improves user satisfaction by streamlining application procedures and minimizing manual interventions. This digital shift aligns with various good governance principles, which positively influence service delivery outcomes.

In line with this, Garcia and Reyes (2020) examined the integration of good governance practices such as accountability, transparency, and participation with information and communication technology (ICT) adoption in Philippine LGUs. Their research found that embedding these governance dimensions into the digital platforms significantly improves the efficiency and responsiveness of business permit and licensing systems. Moreover, Lopez and Cruz (2019) explored the specific contribution of process automation within integrated systems, demonstrating how automation enhances accuracy, reduces operational costs, and accelerates permit issuance processes.

Moreover, user satisfaction and operational efficiency remain critical factors in evaluating IBPLS performance, as underscored by Santos and Villanueva (2021). Their study revealed that when LGUs implement well-designed integrated systems, users experience higher satisfaction levels due to faster processing times and clearer procedures. Collectively, these studies suggest that combining good governance with digitalization and process automation is key to achieving efficient and effective business permit and licensing systems in local government contexts.

Furthermore, in the study of Tortor (2019) aimed to develop a workflow management system which was entitled Business Permit Online System (BPOSys), that will streamline the processing of business permits in a local government unit in the Philippines. Specifically, the study aimed to incorporate a tracking module for both the applicants and employees, to develop a web portal that will enable business permit applicants to submit their application online using an electronic form and to develop a module that will produce reports for the local government unit employees based on demographic profiles and automated computation of penal

According to World Bank (2017), in established

governments, such as Canada, business registration takes the simplest and fastest business application procedures. Canada has a website, Business Online Registration World Bank (2018), wherein it provides steps on the registration process and a web application wherein the registrants can easily apply. However, in the Philippines, the implementation of e-government is still at the rudimentary stage. The country's distance to frontier e-government slipped by 14 notches to 113th from last year's 99th place out of 190 economies in terms of ease of doing business World Bank (2017).

## MATERIALS AND METHODS

This study utilized a quantitative descriptive-correlational research design to examine the effects of good governance and digitalization on the IBPLS efficiency in Bukidnon LGUs in the third district of Bukidnon. The study involved 400 MSE owners and authorized representatives from three municipalities, namely Don Carlos, Kibawe, and Maramag, selected through stratified sampling to ensure population representation.

Data were gathered using a standardized questionnaire divided into parts, demographics profile and measuring good governance (accountability, participation, responsiveness and transparency), digitalization (accessibility, interoperability and process automation)

and IBPLS efficiency (accuracy, cost-effectiveness, processing time and user satisfaction) via five-point Likert scales.

Content validation and pilot testing ensured instrument reliability. Ethical protocols included securing permissions from authorities, informed consent from participants, anonymity, and confidentiality. Descriptive statistics summarized demographic data and variable levels, while inferential statistics, specifically, Pearson correlation, identified relationships of IBPLS efficiency. This comprehensive methodology enabled the study to objectively analyze how specific good governance and digitalization significantly affect IBPLS efficiency within a rural Philippine context.

## RESULTS AND DISCUSSION

This section presents the data findings, along with their analysis and interpretation. Further explanations and inferences from the collected information were drawn to verify whether the results align with the study's theoretical framework. Key findings on the efficiency of Integrated Business Permit and Licensing System in Bukidnon LGUs are illustrated through tables, organized by the study's problem components. The respondents consisted of 400 participating enterprises from Kibawe, Don Carlos, Maramag, Bukidnon.

**Table 1:** Demographic Profile Analysis of Survey Respondents (N=400)

| Indicator                   | Frequency (N) | Percentage (%) |
|-----------------------------|---------------|----------------|
| Type of Business            |               |                |
| Micro (1-9 employees)       | 298           | 74.5           |
| Small (10-99 employees)     | 102           | 25.5           |
| <b>Total</b>                | <b>400</b>    | <b>100</b>     |
| Nature of Business          |               |                |
| Retail                      | 263           | 65.7           |
| Wholesale                   | 81            | 20.3           |
| Service                     | 56            | 14.0           |
| <b>Total</b>                | <b>400</b>    | <b>100</b>     |
| Years of Business Operation |               |                |
| Less than 1 year            | 52            | 13             |
| 1-3 years                   | 104           | 26             |
| 4-7 years                   | 73            | 18.3           |
| More than 8 years           | 171           | 42.7           |
| <b>Total</b>                | <b>400</b>    | <b>100</b>     |
| Role in Business            |               |                |
| Owner                       | 263           | 65.7           |
| Authorized Representative   | 137           | 34.3           |
| <b>Total</b>                | <b>400</b>    | <b>100</b>     |

|                                 |            |            |
|---------------------------------|------------|------------|
| Type of Business Permit Applied |            |            |
| Renewal                         | 345        | 86.2       |
| New Application                 | 55         | 13.8       |
| <b>Total</b>                    | <b>400</b> | <b>100</b> |
| Mode of IBPLS Transaction       |            |            |
| Assisted                        | 336        | 84.2       |
| Fully Online                    | 32         | 8.0        |
| Hybrid                          | 32         | 7.8        |
| <b>Total</b>                    | <b>400</b> | <b>100</b> |

### Demographic Profile of Micro and Small Enterprises

The demographic profile of the respondents was examined with respect to type of business, nature of business, years of business operation, role in business, type of business permit applied, and mode of IBPLS transaction. The distribution of responses across each demographic category is presented in the following tables. Table 1 shows that most respondents operate micro businesses (74.5%), primarily engaged in retail (65.7%), and have been in operation for more than 8 years (42.7%). The majority identified themselves as owners (65.7%), with most processing renewal permits (86.2%) through assisted transactions (84.2%) rather than fully online or hybrid modes. This distribution suggests that business owners with established micro-retail enterprises dominate Bukidnon's business landscape, particularly those accustomed to renewing permits yearly. The preference for assisted transactions indicates that while digital tools exist, many users still rely on in-person or guided support, which reflects a transitional stage in digital adoption among local enterprises.

The two most notable aspects are the predominance of micro-enterprises and longer years of operation, reveal

that Bukidnon's economic base is supported by small-scale entrepreneurs with sustainable local ownership. These characteristics highlight that the IBPLS must be inclusive and responsive to micro-level needs, as this group forms the largest share of users, requiring streamlined and understandable processes.

Conversely, the lowest proportions are found among new applicants (13.8%) and fully online transactions and hybrid, which got 8.0% and 7.8% respectively. This underline lingering barriers to purely digital processes, such as digital literacy, access to stable internet, or system familiarity. It reinforces the necessity of digital inclusion measures and continued system improvement to foster user confidence and readiness for full automation and e-government integration.

The findings are consistent with Khalid and Lavilles (2019) and Lagura (2017), who both reported that many Philippine local government websites remain underdeveloped, with citizens still preferring physical or assisted method procedures. Similarly, Alfiani *et al.* (2024) cited insufficient internet infrastructure and connectivity as barriers to widespread e-governance adoption factors also relevant in rural Bukidnon.

**Table 2:** Good Governance

| INDICATORS          | Mean        | Descriptive Rating | Qualitative Interpretation |
|---------------------|-------------|--------------------|----------------------------|
| Transparency        | 4.08        | Agree              | Practiced                  |
| Accountability      | 4.02        | Agree              | Practiced                  |
| Responsiveness      | 3.97        | Agree              | Practiced                  |
| Participation       | 3.84        | Agree              | Practiced                  |
| <b>Overall Mean</b> | <b>3.98</b> | <b>Agree</b>       | <b>Practiced</b>           |

### Good Governance of Bukidnon LGUs

Table 2 summarizes the mean scores for the good governance of Bukidnon LGUs across four key dimensions. The overall mean of 3.98, rated as agree and interpreted as practiced. This indicates that good governance is practiced at a high level. Among the sub-variables, transparency obtained the highest mean score

of 4.08, followed by accountability with a mean of 4.02, responsiveness with a mean of 3.97, and participation with a mean of 3.84; all are interpreted as practiced. These results suggest that the core governance pillars, transparency, accountability, responsiveness, and participation are effectively practiced and consistently recognized by business stakeholders.

As reflected by global and local studies (Gabriel, 2018; Thu, 2018; Ngoc-Tan & Gregar, 2018), strong governance mechanisms particularly in transparency and

accountability greatly influence service quality. The results affirm the critical role of good governance in ensuring efficient and trustworthy e-governance systems.

**Table 3:** Digitalization

| INDICATORS          | Mean        | Descriptive Rating | Qualitative Interpretation |
|---------------------|-------------|--------------------|----------------------------|
| Process Automation  | 3.93        | Agree              | Practiced                  |
| Interoperability    | 3.92        | Agree              | Practiced                  |
| Accessibility       | 3.74        | Agree              | Practiced                  |
| <b>Overall Mean</b> | <b>3.87</b> | <b>Agree</b>       | <b>Practiced</b>           |

### Digitalization of Bukidnon LGUs

Table 3 displays the summary of digitalization of Bukidnon LGUs across three key dimensions. The study reveals an overall mean of 3.87 rated as agree and interpreted as practiced. This indicates that digitalization within Bukidnon LGUs is well-practiced, particularly in process automation with a mean of 3.93 and Interoperability got a mean of 3.92. However, accessibility with a mean of 3.74 remains the weakest, reflecting infrastructural and usability challenges typical of rural settings, demonstrates that digitalization in Bukidnon LGUs is

generally well-implemented, with particular strength in process automation and interoperability, indicating that automated workflows and seamless integration of systems are effectively practiced.

These findings parallel with Alfiani *et al.* (2024) and Pangaribuan (2019) similarly noted that developing regions face digital service gaps due to weak internet infrastructure. Aligning with these, Bukidnon's performance suggests progress toward full digital integration but continuing investment is essential.

**Table 4:** Integrated Business Permit and Licensing System efficiency

| INDICATORS          | Mean        | Descriptive Rating | Qualitative Interpretation |
|---------------------|-------------|--------------------|----------------------------|
| User Satisfaction   | 4.12        | Agree              | Efficient                  |
| Accuracy            | 4.09        | Agree              | Efficient                  |
| Processing Time     | 3.97        | Agree              | Efficient                  |
| Cost Effectiveness  | 3.95        | Agree              | Efficient                  |
| <b>Overall Mean</b> | <b>4.03</b> | <b>Agree</b>       | <b>Efficient</b>           |

### Integrated Business Permit and Licensing System efficiency of Bukidnon LGUs

Table 4 displays the summary of IBPLS efficiency of Bukidnon LGUs across four key dimensions. The study reveals an aggregate mean score of 4.03 confirms that the IBPLS in Bukidnon LGUs is efficient, denoting effective performance across the four dimensions user satisfaction, accuracy, processing time, and cost-effectiveness. This rating demonstrates the successful integration of good governance principles in terms of accountability, participation, responsiveness, and transparency, with digitalization dimensions including accessibility, interoperability, process automation, in improving local public service delivery.

The highest contributor, is user satisfaction with a mean of 4.12, indicates that the system's design and

implementation effectively meet users' expectations for ease, security, and service quality. Conversely, the lowest-rated dimension, is cost-effectiveness got a mean of 3.95, suggests that while digitalization offers convenience and time savings, its financial benefits are not yet felt as strongly by users. Improving interoperability and scaling automation could enhance perceived cost efficiency further.

The overall findings resonate with Garcia and Reyes (2020) and Lopez and Cruz (2019), who concluded that combining ICT adoption with good governance principles yields more efficient and citizen-centered services. Santos and Villanueva (2021) also affirmed that well-designed integrated systems elevate user satisfaction and business competitiveness. Thus, the Bukidnon experience reflects the synergy between governance

integrity and technological advancement as key enablers of efficient, transparent, and responsive business permit systems. As shown in Table 5, the correlation results indicate

**Table 5.** Correlation analysis of good governance, digitalization, and Business Permit and Licensing System Efficiency of Bukidnon LGUs

| Independent Variables Correlated with the entrepreneurial competence of faculty | Correlation Coefficient (r) | p-value |
|---------------------------------------------------------------------------------|-----------------------------|---------|
| Good Governance                                                                 | 0.804**                     | 0.000   |
| Accountability                                                                  | 0.718**                     | 0.000   |
| Participation                                                                   | 0.605**                     | 0.000   |
| Responsiveness                                                                  | 0.769**                     | 0.000   |
| Transparency                                                                    | 0.790**                     | 0.000   |
| Digitalization                                                                  | 0.771**                     | 0.000   |
| Accessibility                                                                   | 0.545**                     | 0.000   |
| Interoperability                                                                | 0.750**                     | 0.000   |
| Process Automation                                                              | 0.789**                     | 0.000   |

**\*\*Correlation is significant at the 0.01 level (2-tailed).**

that good governance ( $r = 0.804$ ,  $p < 0.000$ ) and its sub-components, accountability ( $r = 0.718$ ,  $p < 0.000$ ), participation ( $r = 0.605$ ,  $p < 0.000$ ), responsiveness ( $r = 0.769$ ,  $p < 0.000$ ), and transparency ( $r = 0.790$ ,  $p < 0.000$ ) are all statistically significant in relation to the IBPLS efficiency of Bukidnon LGUs. This means that improvements in good governance practices, particularly in terms of accountability, participation, responsiveness, and transparency, are associated with higher levels of IBPLS efficiency. In other words, the more effective the implementation of good governance, the more efficient the IBPLS performance becomes.

Moreover, correlation results further suggested that digitalization  $r = 0.771$  ( $p < 0.000$ ) and its order factors, namely: accessibility  $r = 0.545$ , ( $p < 0.000$ ), interoperability  $r = 0.750$ , ( $p < 0.000$ ), and process automation  $r = 0.789$ , ( $p < 0.000$ ) were significantly associated with IBPLS efficiency. The analysis indicates a positive relationship between digitalization and IBPLS efficiency. This means that developing digitalization within Bukidnon LGUs could improve IBPLS efficiency.

The findings show strong positive correlations between good governance ( $r = 0.804^{**}$ ) and digitalization ( $r = 0.771^{**}$ ) with IBPLS efficiency. Transparency and process automation emerge as the most correlated sub-factors, confirming that governance integrity and digital capability jointly drive service performance.

These relationships are consistent with Ali (2017) and Castillo and Gabriel (2020), who established that accountability and transparency improve service delivery, and Özkan and Yılmaz (2020), who confirmed automation's efficiency effects.

Thus, Ho1, which argues that no significant relationship

exists between good governance, digitalization, and IBPLS efficiency is rejected. This means that the IBPLS efficiency is related, in some manner, to good governance, and digitalization.

## CONCLUSION

After examining different factors affecting the IBPLS efficiency, the researcher proposes the following conclusions:

Demographic profile of the respondents provided relevant insights into the implementation and efficiency of IBPLS. Variables such as type of business, nature of business, years of operation, role in business, type of business permit applied and mode of IBPLS transaction influenced the MSEs perceptions and experiences regarding business permit processing. The demographic characteristics are important in understanding how different groups of MSEs experience governance practices, digitalization initiatives, and IBPLS efficiency within LGUs.

Good governance was evident in the implementation of IBPLS. Indicators such as accountability, participation, responsiveness, and transparency were generally practiced in the delivery of business permitting services. The presence of standardized procedures, clearer communication of requirements, and responsiveness of personnel contributed positively to the experiences of MSEs. However, some areas still require improvement, particularly in ensuring consistency of service delivery and strengthening participation mechanisms among MSEs.

Digitalization significantly contributed to the efficiency of IBPLS implementation. The accessibility, interoperability

and process automation enhanced the speed, reliability, and accessibility of business permit processing. Digitalization reduced the dependence on paperbased transactions and minimized errors associated with manual verification. Nevertheless, limitations in ICT infrastructure, internet connectivity, and system integration continue to affect the full implementation of IBPLS.

IBPLS efficiency was generally evident in terms of accuracy, cost-effectiveness, processing time, and user satisfaction. MSEs perceived that the implementation of IBPLS made business registration and renewal more convenient and manageable. Despite these improvements, certain procedural and technical challenges, including system downtime, multiple documentary requirements, and coordination issues among offices, still affected the overall efficiency of the system.

Good governance and digitalization have a significant relationship with the efficiency of IBPLS. Good governance demonstrated a strong positive correlation with IBPLS efficiency, particularly in terms of transparency, responsiveness, accountability, and participation, indicating that effective governance practices contribute to improved service delivery, faster processing, and higher user satisfaction. Similarly, digitalization was found to have a significant positive relationship with IBPLS efficiency, with process automation, interoperability, and accessibility enhancing the accuracy, reliability, and convenience of business permit transactions. Among the sub-variables, transparency and process automation showed the strongest relationships with IBPLS efficiency, suggesting that governance integrity and digital capability are essential drivers of efficient business permitting services. Good governance and digitalization significantly predict the efficiency of IBPLS. Transparency, accountability, responsiveness, process automation, and interoperability all emerged as significant predictors of IBPLS efficiency. Among these variables, transparency obtained the highest predictive influence, followed by process automation, indicating that open, clear, and accessible good governance and digitalization greatly contribute to improving the efficiency of IBPLS. The regression model further showed that 74.7% of the variance in IBPLS efficiency can be explained by the combined influence of these variables. Despite high performance, gaps remain. Participation and accessibility are relatively weaker, suggesting that stakeholder engagement and digital inclusivity still need improvement.

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