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Strong Service Quality Amid Procedural Challenges: A Mixed-Methods Study of the Business Permits and Licensing Office of Pasay City, Philippines

Prof. Rev. Norberto R. Paranga Jr., PhD, Th.D., DPA[1], Prof. Joan A. Ruallo, MBA[2], Cathy S. Bariga[3], Elpidio T. Cammagay[3]

[1]Dean of Graduate School, The Master's Theological Seminary International (TMTSI), Cavite, Philippines

[2]AMA University, Metro Manila, Philippines

[3]The Master's Theological Seminary International (TMTSI), Cavite, Philippines

Email: norbiepar@gmail.com

ABSTRACT

The Business Permits and Licensing Office (BPLO) is one of the most visible frontline offices of a Philippine local government unit (LGU). Republic Act No. 11032 requires LGUs to deliver faster, simpler and more transparent business permitting, yet compliance has been uneven across cities. This study assessed perceived service quality and client-reported challenges at the BPLO of Pasay City. An explanatory sequential mixed-methods design was used. In the quantitative phase, 100 clients, selected by convenience sampling, completed a validated questionnaire (S-CVI/Ave = 0.97; Cronbach's α = 0.915 in a pilot of 20) covering the five SERVQUAL dimensions and three challenge domains (processing time, documentary requirements, accessibility of services). Means and standard deviations described the scores; Mann–Whitney U and Kruskal–Wallis H tests compared service quality across respondent profiles (α = .05). In the qualitative phase, 15 respondents were interviewed, and the transcripts were analyzed using Braun and Clarke's thematic analysis. Service quality was rated Very High on every dimension (M = 4.31–4.39), with tangibles highest (4.39) and responsiveness lowest (4.31). Clients nevertheless reported High challenges in accessibility of services (M = 3.68) and processing time (M = 3.43), and a Moderate challenge in documentary requirements (M = 3.26). Service quality did not differ significantly by age, sex, civil status, education, type of business, nature of transaction or frequency of transaction (all $p > .05$). Three themes explained the survey results: lengthy processing time (13 of 15 participants), need for improved service accessibility (12 of 15) and complex documentary requirements (11 of 15). Clients judged BPLO personnel and facilities very favorably, while the problems they described concerned procedures rather than people. Streamlining steps, publishing complete requirement checklists and expanding online channels are the most evidence-supported improvements.

Keywords: *service quality, SERVQUAL, business permits and licensing, local government, Ease of Doing Business, mixed methods, Philippines*

1. INTRODUCTION

Local government units are the part of the state that citizens and entrepreneurs meet most directly. Among them, the BPLO acts as the gatekeeper between an owner's intention to operate and the permit that makes operation lawful. How well it performs affects how quickly a business can open, how much time and money owners lose on repeat visits, and, cumulatively, how competitive a city is for business.

Republic Act No. 11032, the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, was enacted to address long-standing complaints about slow, multi-window and unpredictable permitting (Congress of the Philippines, 2018). It pushes LGUs toward standardized, time-bound procedures under a Business One-Stop Shop and toward transparency through a published Citizen's Charter. Complementary reforms, such as the Government Quality Management Program and the Institutionalization of Service Quality Standards led by the Development Academy of the Philippines (2024), seek to anchor service standards in evidence about what clients value. Compliance, however, has been uneven across LGUs, so service quality cannot be assumed from the existence of a law; it has to be measured office by office.

Pasay City is a suitable site for such measurement. It lies within Metro Manila's commercial and tourism corridor, with a dense mix of hotels, malls, restaurants, transport-related enterprises and small retailers that depend on the BPLO each year. High transaction volume creates both an opportunity to show efficient, business-friendly governance and a strain on staff, systems and processes.

The study draws on two complementary frameworks. Total Quality Management (TQM) treats citizens and business owners as customers and holds that quality arises from continuous process improvement, leadership commitment, employee involvement and customer focus. The SERVQUAL model (Parasuraman et al., 1988) supplies the measurement lens through five dimensions: tangibles, reliability, responsiveness, assurance and empathy. SERVQUAL has been applied to Philippine government services, including employment-related agencies (Ocampo et al., 2019) and the Social Security System (Acuña & Cerado, 2026). Studies of Philippine business-permit systems have examined issues such as digitization (Alindajao et al., 2023).

Three gaps motivate this work. Prior research often examines service quality, client satisfaction or system implementation separately, with little attention to how service quality sits alongside the operational challenges clients face. Few studies focus on the Pasay City BPLO specifically, although structure, volume, technology and local policy differ between LGUs. Most studies are also purely quantitative, which limits explanation of why clients rate aspects of service as they do.

This study therefore addressed five questions: (1) What is the profile of BPLO clients? (2) What is the extent of service quality in terms of tangibles, reliability, responsiveness, assurance and empathy? (3) What is the extent of challenges clients encounter in terms of processing time, documentary requirements and accessibility of services? (4) Does service quality differ significantly when respondents are grouped by profile? (5) How do clients' experiences explain the quantitative findings? For question 4, the null hypothesis (H_0) stated that there is no significant difference in the extent of service quality when respondents are grouped according to profile, tested at $\alpha = .05$.

2. METHODOLOGY

Research design

An explanatory sequential mixed-methods design was adopted. A quantitative survey was conducted first and served as the primary component. A qualitative interview phase followed to explain the survey results, and the two strands were integrated at the interpretation stage.

Research Locale or Study Setting

The study was conducted at the BPLO of Pasay City, which processes new business permits, renewals, amendments, closures and related licensing transactions for establishments in the city. The office was selected because it directly provides the service under study and operates under the service-delivery requirements of RA 11032.

Participants and sampling

Quantitative phase. Respondents were BPLO clients selected by convenience sampling during the data-collection period [insert exact dates; the proposal specified one month, Monday to Friday, 8:00 a.m.–5:00 p.m.]. Eligibility criteria were: (1) at least 18 years old; (2) personally transacted with the BPLO during the data-collection period; and (3) signed informed consent. The sample size was determined by the number of eligible clients who could be reached in the collection window, yielding 100 respondents. Qualitative phase. Fifteen respondents who volunteered after the survey were interviewed. They were drawn by convenience sampling and represented different transaction types (new registration, renewal, amendment and other services).

Instruments

The survey instrument was a researcher-developed questionnaire based on SERVQUAL (Parasuraman et al., 1988), the literature and the business-permitting process. It had four parts: (I) respondent profile (age, sex, civil status, highest educational attainment, type of business, nature of transaction, frequency of transaction); (II) service quality, with four statements for each of the five SERVQUAL dimensions (20 items); (III) challenges encountered, with four statements for each of three domains (processing time, documentary requirements, accessibility of services; 12 items); and (IV) two open-ended questions on the biggest challenge and suggested improvements. Parts II and III used a five-point scale from 1 (To a Very Low Extent) to 5 (To a Very High Extent). Means were interpreted as follows: 4.21–5.00 Very High; 3.41–4.20 High; 2.61–3.40 Moderate; 1.81–2.60 Low; 1.00–1.80 Very Low. Service quality was assessed through perceptions of the service received only, without a separate expectations scale, to make the instrument practical for completion immediately after a transaction. The qualitative instrument was a semi-structured interview guide of five open-ended questions on the challenges encountered, their effects, the most difficult challenge, recommended improvements and any other comments.

Validity and reliability

Content validity was established through review by five experts: one public administration subject-matter expert, one statistician and three professionals with local government service experience. They rated each item for relevance on a four-point scale. The item-level content validity index (I-CVI) ranged from 0.80 to 1.00 (criterion ≥ 0.78), and the scale-level index using the average method (S-CVI/Ave) was 0.97 (criterion ≥ 0.90; Polit & Beck, 2006). Items were revised according to the experts' comments. The revised questionnaire was pilot-tested with 20 clients of a BPLO or comparable LGU office who were not part of the final sample. Cronbach's α

was 0.931 for service quality (20 items), 0.884 for challenges (12 items) and 0.915 for the whole instrument (32 items), above the 0.70 criterion (Nunnally & Bernstein, 1994).

Data collection

Permission was obtained from the Graduate School, the research adviser and panel, the Office of the City Mayor and the BPLO head. The researcher personally distributed the questionnaires to clients who were waiting for or had just completed their transactions, explained the study, obtained signed consent and checked each form for completeness. Interviews were conducted with the 15 volunteers, audio-recorded with permission and transcribed verbatim. Responses in Filipino were translated into English, and the translations were reviewed for accuracy against the originals.

Data analysis

Quantitative data were encoded in Microsoft Excel and analyzed in SPSS version 27. Frequencies and percentages described respondent profiles. Weighted means and standard deviations described service quality and challenges. Because Likert responses are ordinal and the Shapiro–Wilk test indicated non-normal service quality scores, differences by profile were tested with the Mann–Whitney U test (sex) and the Kruskal–Wallis H test (age, civil status, educational attainment, type of business, nature of transaction and frequency of transaction). The significance level was .05. Interview transcripts were managed and coded in NVivo and analyzed with Braun and Clarke's (2006) six phases: familiarization, initial coding, searching for themes, reviewing themes, defining and naming themes, and reporting. Quantitative and qualitative findings were then compared side by side to explain the survey results.

Ethical considerations

Participation was voluntary, written informed consent was obtained, and participants could withdraw at any time without penalty. No personal identifiers were recorded; participants were assigned codes (P1–P15). Recordings, transcripts and data were stored securely and accessible only to the researcher and adviser, in keeping with the Data Privacy Act of 2012 (RA 10173).

3. RESULTS AND DISCUSSION

3.1 Respondent profile

Table 1 summarizes the 100 respondents. Most were of economically productive age (36–45 years, 31%; 26–35 years, 27%), slightly more than half were female, and nearly half were college graduates. Most were repeat clients: 85% transacted once or twice a year.

Table 1. *Profile of respondents (N = 100; counts equal percentages)*

Characteristic	Distribution
Age	18–25: 10; 26–35: 27; 36–45: 31; 46–55: 24; 56 and above: 8
Sex	Male: 45; Female: 55
Civil status	Single: 58; Married: 28; Separated: 8; Widowed: 6
Highest educational attainment	Elementary: 5; High school: 18; Senior high school: 25; College: 47; Graduate school: 3; Others: 2
Type of business	Sole proprietorship: 14; Partnership: 22; Corporation: 5; Cooperative: 6; Others: 53
Nature of transaction	New permit: 21; Renewal: 8; Amendment: 9; Closure: 1; Others: 61
Frequency of transaction	First time: 10; Once a year: 40; Twice a year: 45; More than twice a year: 5

3.2 Extent of service quality

All five SERVQUAL dimensions were rated Very High (Table 2). Tangibles had the highest mean (4.39) and responsiveness the lowest (4.31), though the range across dimensions was narrow. The average of the five dimension means was 4.35. Standard deviations of 0.64–0.69 indicate

fairly consistent ratings. Within dimensions, the highest-rated indicators concerned staff appearance, willingness to help and courtesy. The only indicator that fell below the Very High band was "Services are provided without unnecessary delay" (M = 4.18, SD = 0.76; High).

Table 2. *Extent of service quality (n = 100)*

Dimension	M	SD	Interpretation	Highest indicator (M)	Lowest indicator (M)
Tangibles	4.39	0.64	Very High	Employees appear neat and professional (4.51)	Directional signs and information boards are clear (4.28)
Assurance	4.38	0.64	Very High	Employees treat clients courteously (4.46)	Employees explain procedures clearly (4.32)
Reliability	4.34	0.67	Very High	Records are handled properly (4.40)	Employees provide dependable service (4.29)
Empathy	4.33	0.66	Very High	Employees are approachable (4.43)	Employees give individual attention to clients (4.24)
Responsiveness	4.31	0.69	Very High	Employees are willing to assist clients (4.44)	Services are provided without unnecessary delay (4.18, High)

Note. 4.21–5.00 = Very High; 3.41–4.20 = High. The overall figure of 4.35 is the mean of the five dimension means.

3.3 Extent of challenges encountered

Clients reported challenges ranging from Moderate to High (Table 3). Accessibility of services had the highest mean (3.68), driven by views on the convenience of service channels and availability of information, followed by processing time (3.43). Within processing time, long waiting time (M = 3.48) and multiple processing steps (M = 3.45) were the most prominent. Documentary requirements were rated Moderate (3.26); the sheer number of required documents (M = 3.41) was the main concern, and unclear requirements the least (M = 3.12).

Table 3. *Extent of challenges encountered (n = 100)*

Challenge	M	SD	Interpretation	Highest indicator (M)	Lowest indicator (M)
Accessibility of services	3.68	0.72	High	Office location and facilities are accessible (3.84)	Available service channels are convenient (3.55)
Processing time	3.43	0.80	High	Long waiting time affects my transaction (3.48)	Delays occur during the processing of permits (3.36, Moderate)
Documentary requirements	3.26	0.81	Moderate	Documentary requirements are numerous (3.41, High)	Some documentary requirements are unclear (3.12)

3.4 Differences in service quality by respondent profile

The Shapiro–Wilk test showed that service quality scores departed from normality (W = 0.948, p = .001), so non-parametric tests were used. No profile variable produced a significant difference (Table 4), and H_0 was not rejected.

Table 4. *Differences in service quality by respondent profile (n = 100)*

Profile variable	Test	Statistic	p	Decision
Age	Kruskal–Wallis H	5.281	.260	Fail to reject H_0
Sex	Mann–Whitney U	1126.5	.384	Fail to reject H_0
Civil status	Kruskal–Wallis H	4.932	.177	Fail to reject H_0
Educational attainment	Kruskal–Wallis H	7.418	.192	Fail to reject H_0
Type of business	Kruskal–Wallis H	6.235	.182	Fail to reject H_0
Nature of transaction	Kruskal–Wallis H	5.712	.221	Fail to reject H_0
Frequency of transaction	Kruskal–Wallis H	4.864	.182	Fail to reject H_0

3.5 Qualitative findings and integration

Thematic analysis of the 15 interviews produced three themes, each corresponding to one challenge domain (Table 5).

Table 5. *Qualitative themes explaining the quantitative results (n = 15)*

Theme	Participants	Key ideas	Illustrative quote (English translation)	Link to survey result
Lengthy processing time	13	Long waiting time; long queues; multiple processing steps	"The queue is very long, especially during the renewal season, which causes transactions to take much longer to complete." (P4)	Processing time, M = 3.43 (High)
Need for improved service accessibility	12	Online services; accessible information; convenient channels	"The process would be faster if all documentary requirements could be submitted online." (P12)	Accessibility, M = 3.68 (High)
Complex documentary requirements	11	Numerous documents; additional requirements requested during processing	"Sometimes additional documents are requested that I was not able to prepare in advance." (P9)	Documentary requirements, M = 3.26 (Moderate)

Lengthy processing time was the most frequently raised theme. Participants described arriving early and still waiting for hours, and having documents verified at separate windows, which lengthened the overall transaction. The same participants praised staff as approachable, courteous and knowledgeable, which reconciles the Very High service quality ratings with the High processing time challenge. For documents, participants generally found requirements manageable, but unexpected requests for additional documents caused rework and delay. For accessibility, participants acknowledged that the office was physically accessible but recommended online submission of requirements, clearer advance information and complete checklists to reduce repeat visits. Taken together, the two strands converge on one account: clients rate the people and facilities of the BPLO very highly, while the challenges they report arise mainly from procedures, such as queues, sequential verification and incomplete advance information, rather than from employee conduct.

3.6 Principal findings

The BPLO of Pasay City was rated Very High on all five SERVQUAL dimensions, yet clients still reported High to Moderate challenges in accessibility, processing time and documentary requirements. The interviews explain this apparent contradiction: favorable judgments of staff competence, courtesy and facilities coexist with frustration over waiting time, repeated verification and incomplete information about requirements. The pattern across the two strands is consistent. The one service-quality indicator that fell below the Very High band concerned unnecessary delay (M = 4.18), and the processing-time challenge items and the waiting-time theme point to the same weakness. This is in line with Ocampo et al. (2019), who found promptness to be the most important attribute for clients of Philippine government agencies and responsiveness the dimension most in need of improvement. It also fits the SERVQUAL logic that timeliness shapes perceived quality even when staff are courteous. Very High ratings of staff professionalism echo those reported for the Social Security System by Acuña and Cerado (2026), suggesting that frontline interpersonal quality may be a relative strength of Philippine public service. Service quality did not differ by any profile variable. Clients of different ages, sexes, civil statuses, education levels, business types, transaction types and visit frequencies perceived the service similarly. This suggests that the office treats clients consistently, in line with the equity emphasis of TQM and the standardization intended by RA 11032, although the uniformly high scores may also have limited the room for differences to appear.

3.7 Implications for practice

The findings support a process-focused improvement agenda consistent with TQM's emphasis on continuous improvement. First, the office could reduce waiting time and sequential verification by consolidating steps in line with the Business One-Stop Shop model. Second,

publishing a complete requirements checklist for each transaction type before clients begin, and applying it consistently so that additional documents are not requested late, would address the documentary theme. Third, expanding online application, payment, appointment and tracking channels responds to the lowest-rated accessibility indicator (convenience of service channels) and to participants' most frequent recommendation. Digitization of business permits has been examined in other Philippine cities (Alindajao et al., 2023), and local benchmarking could guide implementation. Sustaining staff training, facility upkeep and routine client feedback would protect the strengths clients already recognize. Clearer signage (the lowest tangibles indicator) and more individual attention during peak periods (the lowest empathy indicator) are low-cost refinements.

3.8 Limitations

Several limitations should be considered. The sample was a convenience sample of 100 clients from one office, so the results cannot be generalized to other BPLOs or shown to be unique to Pasay City. Questionnaires were distributed in person at the office while clients waited or had just finished, which may have encouraged socially desirable responding and contributed to a ceiling effect in service quality scores. Service quality was measured through perceptions only, without expectations, so gap scores in the original SERVQUAL sense were not computed. A large share of respondents selected "Others" for type of business (53%) and nature of transaction (61%), which limits the interpretability of the subgroup comparisons. The interview participants were also a convenience subset of survey respondents, and the interviews were conducted partly in Filipino and translated. Finally, the association between service quality and challenges was examined through the integration of survey and interview findings rather than a correlational test, and the cross-sectional design cannot establish causation.

3.9 Directions for future research

Future studies could use probability sampling and larger samples across several LGUs, compare cities to identify best practices, and test statistically the relationship between service quality, challenges and client satisfaction. Additional variables such as digital transformation, organizational performance and employee competence could be included, and purposive sampling and more in-depth qualitative work could strengthen the explanatory phase.

4. CONCLUSION AND RECOMMENDATION

Clients of the Pasay City BPLO rated its service quality as Very High on all five SERVQUAL dimensions, with no significant differences across respondent profiles, while also reporting High challenges in accessibility of services and processing time and a Moderate challenge in documentary requirements. Interviews showed that these challenges stem from administrative procedures, namely queues, multi-window verification, late requests for documents and limited online channels, rather than from staff conduct. Streamlining processes, clarifying and stabilizing documentary requirements, and expanding digital channels are the most evidence-supported ways to raise efficiency without losing the personal quality of service that clients value.

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