



Status of the Consolidation Process and the Challenges of the Transport Service Entities in La Union

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ABSTRACT

This study examined the status of industry consolidation among Transport Service Entities (TSEs) under the Public Transport Modernization Program (PTMP) in La Union. Utilizing a mixed-methods sequential explanatory design, data were gathered from forty participants through surveys and semi-structured interviews to analyze operator profiles, identify challenges, and develop policy interventions. Findings revealed that the sector remains predominantly traditional and small-scale, with 95% of operators utilizing traditional jeepneys and earning subsistence-level incomes. Significant barriers to consolidation include a high fear of indebtedness, operational disruptions to daily earnings, and a lack of trust in cooperative governance. The study concluded that resistance is driven by structural vulnerabilities and livelihood security rather than opposition to modernization. Proposed interventions include equity-based financing, transparent cooperative management, and phased hybrid models. By aligning empirical evidence with adaptive strategies, this research provided a framework for more inclusive and sustainable transport reform at the provincial level.

Keywords: public transport modernization, industry consolidation

INTRODUCTION

Situation Analysis

Transportation plays a crucial role in the development and progress of a country. It serves as the backbone of the economy, providing mobility for people and goods (World Bank, 2017). In the Philippines, transportation is a major concern due to its geographical location as an archipelago, making it relevant to various modes of transportation (Asian Development Bank, 2019). Transportation infrastructure acts as a catalyst for economic growth, connecting people and facilitating the movement of goods, thus contributing to increased productivity and efficiency (International Monetary Fund, 2018).

One of the main modes of public transportation in the Philippines is the Public Utility Vehicle (PUV), which includes buses, jeepneys, and tricycles. However, the PUV system has been plagued with issues such as safety concerns, traffic congestion, and outdated vehicles that emit harmful pollutants. In response, the Philippine government launched the PUV Modernization Program in 2017 to transform the system into a safer, more environment-friendly, and efficient mode of transportation (Philippine News Agency, 2017).

According to the Japan International Cooperation Agency (JICA), as of 2014, only 67% of Public Utility Buses (PUBs) and Public Utility Jeepneys (PUJs) serve the demand but occupy 28% of road space. PUJs dominate road-based public transport, consisting of 234,739 PUJs nationwide, with 90% being 15 years old or older. Additionally, 17% of ambient air pollution in Metro Manila and up to 80% in other cities are due to PUJs. Passengers of these

PUJs are ten times more likely to be involved in accidents compared to private car riders. Consequently, as of 2017, Php 3.5 billion in economic losses due to traffic congestion were noted by JICA, with distress and discomfort significantly experienced by the commuting public (Japan International Cooperation Agency, 2014).

In June 2017, Department Order No. 2017-011, also known as the Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance, was issued by the Department of Transportation under then Secretary Arthur P. Tugade (Department of Transportation, 2017). This policy established the framework for the implementation of the PUV Modernization Program, aiming to transform the Philippine public transport system into a more efficient, reliable, and environmentally sustainable sector, and to provide Filipinos with a safer, more convenient, and dignified commuting experience.

To operationalize the program, the Land Transportation Franchising and Regulatory Board (LTFRB) issued Memorandum Circular 2018-088, which outlines the guidelines for franchise issuance under the PUVMP. This circular emphasizes the consolidation of individual operators into cooperatives or corporations as a prerequisite for franchise eligibility, as well as the adoption of modernized and environmentally compliant PUV units (Land Transportation Franchising and Regulatory Board, 2018). These reforms are intended to professionalize the transport industry and ensure regulatory compliance among transport service entities.

The PUV Modernization Program is anchored on several objectives, including the modernization of the existing PUV fleet, institutional reform through industry consolidation, transition to low-emission and environmentally sustainable vehicles, improvement of commuter welfare, promotion of modal shift, and enhancement of the socio-economic conditions of drivers, operators, and their families (Department of Transportation, 2017). It is led by the Department of Transportation (DOTr) in collaboration with the LTFRB, the Land Transportation Office (LTO), and the Office of Transportation Cooperatives (OTC) (Philippine Information Agency, 2017). The program also aims to improve the safety of PUVs, reduce air pollution, and provide quality service to commuters.

The PTMP framework further includes regulatory reform, where existing regulations and administrative processes are reviewed, simplified, and aligned with current social, economic, and technological conditions to improve efficiency and reduce unnecessary burdens. Local government units are responsible for the Local Public Transport Route Planning (LPTRP), which organizes and designs routes within their jurisdiction to ensure transportation networks meet population needs, reduce congestion, improve accessibility, and integrate with regional or national systems. Route rationalization is implemented to optimize public transport routes, reduce redundancy, and improve coverage, while fleet modernization involves replacing old vehicles with newer, safer, and more environmentally friendly models.

Industry consolidation merges smaller operators into cooperatives or corporations to achieve economies of scale and improve financial stability. Financing mechanisms support operators in upgrading vehicles through loans, grants, and subsidies. Vehicle Useful Life Programs ensure vehicles are retired before they become unsafe or excessively polluting. Pilot implementation tests new routes, vehicles, or systems on a small scale to assess feasibility and refine strategies. Stakeholder support mechanisms, including training, consultation, and assistance, are provided to ensure smooth implementation, while communication strategies keep all stakeholders informed and engaged.

The program mandates the phase-out of old PUVs more than 15 years old and requires new PUVs to have designated stops, GPS tracking systems, CCTV cameras, and a fare collection system (Department of Transportation, 2017; Philippine News Agency, 2017). Drivers must undergo training and accreditation to ensure road safety (Philippine Star, 2018). As of 2021, the program remains in early implementation stages, with only a few routes in Metro Manila and selected provinces compliant with the program's standards (Inquirer.net, 2021). Several issues have been raised, including the high cost of modernization, resistance from transport groups, and lack of infrastructure (Rappler, 2020).



The LPTRP serves as a detailed plan specifying the transport route network, modes of transportation, and required units per mode. It now forms the basis for minimum requirements for PUV franchise issuance. Local transport masterplans, including the CLUP and CDP of LGUs, are integrated into this process. The LPTRP aims to make routes responsive to demand, allowing LGUs to propose routes based on local requirements while assigning vehicle types according to demand, road hierarchy, and configuration. LGUs must submit evidence-based plans aligned with passenger-per-hour-per-direction standards (Philippine Information Agency, 2019).

Route rationalization and fleet management are still in progress, as some LGUs continue to propose additional routes and transport entities are registering as cooperatives or corporations. Industry consolidation remains a challenge, requiring smaller operators to merge into legal entities through support from the OTC and CDA, as most transport entities still operate under “one franchise, one operator, one vehicle.”

La Union was chosen as the case study for its significance as a major transit route and diverse landscape, which includes urban areas, agricultural lands, and tourism destinations. The province covers 1,497.70 square kilometers with 576 barangays across 19 municipalities and one city (La Union Provincial Government, n.d.). Currently, only LUTRAMPCO operates modern Public Utility Jeepneys along the San Fernando–Naguilian route (Gulf News, 2022). The LPTRP approval process is ongoing with the LTFRB – PUVMP Central Office (Official Gazette of the Republic of the Philippines, 2017).

The implementation of industry consolidation in Region 1 has revealed several issues among transport service entities, including corruption in cooperative formation, drivers expecting unchanged salaries or shares, and resistance to transitioning from associations to cooperatives or corporations. Seminars such as CETOS and PRS were conducted to educate drivers and operators on the benefits of modernization (Gulf News, 2022).

Other challenges include the high cost of vehicle modernization, insufficient infrastructure such as maintenance facilities and EV charging stations, incomplete route rationalization due to additional proposed routes, and resistance to industry consolidation. Insufficient evaluation of driver training and accreditation programs, limited understanding of financial support mechanisms, and community engagement gaps further hinder smooth implementation. Environmental impact assessment, data collection on vehicle utilization and passenger satisfaction, and policy evaluation remain incomplete, emphasizing the need for ongoing monitoring and adjustments.

The implementation of the PUV Modernization Program in La Union has followed a phased approach over the years. It began in 2024 when LUTRAMPCO deployed its initial batch of modern jeepneys along the San Fernando–Naguilian route, marking the first stage of fleet modernization. In July 2025, the Luna LU Transport Cooperative expanded the rollout by deploying modernized jeepneys along the Luna–San Fernando City route. By October 2025, the LTFRB awarded the Notice of Compliance (NOC) for La Union’s LPTRP 2025–2030, indicating readiness to implement rationalized routes and fully operationalize modernization initiatives. As of 2026, cooperative operations continue to expand, with additional modern units deployed and routes progressively aligned with the approved LPTRP, reflecting gradual but steady progress in public transport modernization.

While the PUV Modernization Program (PUVMP) has established national policies, regulatory frameworks, and pilot implementations in key areas, several gaps remain that justify further research. Most existing studies and reports focus on the national scope of the program, fleet modernization targets, policy guidelines, and early implementation statistics, but there is limited research on local-level execution, particularly in provinces like La Union. Specific gaps include insufficient evaluation of driver and operator experiences, including their perceptions of modernization costs, training, and cooperative consolidation; incomplete assessment of route rationalization and LPTRP compliance; and the effectiveness of financial and technical support mechanisms for operators transitioning to modernized fleets. Additionally, environmental and safety impacts have been measured broadly, but there is little localized evidence on air quality improvements, accident reduction, and commuter satisfaction following program interventions. These gaps highlight the need for a focused study in La Union to examine implementation challenges,



stakeholder responses, and the operational effectiveness of the PUVMP at the provincial level, providing empirical data to inform policy adjustments and more effective public transport modernization strategies.

The implementation of PUVMP/PTMP in La Union demonstrates a gradual shift from planning to execution, with early cooperative-based fleet modernization laying the groundwork. However, persistent gaps remain, including financial constraints, resistance to industry consolidation, incomplete infrastructure, and limited policy evaluation. These challenges highlight the need for continued support, monitoring, and evidence-based adjustments to ensure modernization leads to safer, more efficient, and environmentally sustainable public transport services.

This study was initiated to tackle the significant challenges impeding the successful enforcement of the Public Transport Modernization Program (PTMP) in La Union. The impetus for this research stems from the need to create a public transportation system that is safer, more efficient, and environmentally friendly. The primary beneficiaries of this study include drivers, operators, and commuters, who will experience improved working conditions, enhanced service reliability, and a cleaner environment. This topic is highly researchable because it directly impacts public transportation, a critical aspect of daily life that influences economic activity, social equity, and environmental sustainability. Through targeted interventions and stakeholder engagement, this research seeks to provide actionable solutions that can be implemented to overcome existing barriers and achieve the PTMP's objectives, ultimately leading to a more robust and modern public transport system in La Union.

The key components of the study framework focus on three major areas of analysis. First, the study assesses the extent of consolidation by evaluating the proportion of public utility vehicle (PUV) operators who have successfully consolidated under the Public Transport Modernization Program (PTMP). This assessment provides an overview of the level of compliance and structural transition within the sector. Second, the study identifies and examines the primary operational challenges encountered by PUV operators throughout the consolidation process, including administrative, financial, and organizational concerns that may affect their capacity to adapt to the new system. Finally, based on the findings, the study formulates program recommendations aimed at developing a comprehensive support mechanism to assist PUV operators in the post-consolidation phase, ensuring sustainability, operational efficiency, and long-term viability under the modernization framework.

Industry Consolidation of Modernized Jeepneys This is where smaller jeepney operators and manufacturers are effectively combined into larger entities to cohesively advance the entire industry. This consolidation can result in many benefits including economies of scale, access to resources and technology, feasibility for competition and sustainability that would take place over a range wide enough to ensure valid results.

The consolidation of modern jeepneys for industry operations presents several significant implications for the transport sector. Foremost, the consolidation of small operators and manufacturers enables the achievement of economies of scale in production, purchasing power, marketing, and distribution. These efficiencies often translate into cost savings, improved resource allocation, and faster access to relevant industry information. By forming larger entities, operators can streamline processes and enhance overall operational stability.

Consolidation also influences technology adoption within the industry. Larger organizations are generally better positioned to invest in innovation and upgrade vehicle designs and manufacturing processes. This includes the integration of electric or hybrid engines, enhanced safety features, and digital payment systems, all of which contribute to a more modern, efficient, and commuter-responsive public transport system.

Moreover, consolidation promotes standardization and strengthened quality control. Unified operations can facilitate the establishment of consistent industry standards and more systematic monitoring mechanisms, resulting in safer, more reliable, and higher-quality modern jeepneys on the road. In terms of market competitiveness, larger consolidated entities benefit from economies of scale that enhance their bargaining power with suppliers, expand

their range of products and services, and strengthen their market presence both domestically and potentially internationally.

From an environmental perspective, industry consolidation may support sustainability initiatives, particularly the transition to cleaner and more energy-efficient vehicles. Such efforts contribute to reduced emissions, lower operational costs over time, and the broader goal of transforming the transportation sector into a more environmentally responsible system. Consolidation likewise supports improved regulatory compliance. Larger organizations are generally more capable of meeting government standards and adapting to evolving regulatory requirements due to their greater financial and administrative capacity, whereas smaller operators may struggle with compliance due to limited resources.

Despite these advantages, consolidation also presents notable challenges. These may include potential job displacement within the industry, resistance from smaller stakeholders who may feel marginalized, regulatory concerns related to fair competition and pricing, and the need to establish effective governance and management structures within newly consolidated entities. Addressing these challenges is essential to ensuring that consolidation achieves its intended benefits while promoting equitable and sustainable industry development.

To sum up, the consolidation of new-fashioned jeepneys can be an industry-led space that encourages innovation in a natural way, advancing efficiency and sustainability across the transportation sector. The industry will need smaller operators and manufacturers to combine forces for it to orient itself properly now, ensuring that investment is not torn away from the long-term project of reorganization necessary for survival or helped forward by beginner's luck into relevance only when billions are sunk already.

Studying industry consolidation in the Public Transport Modernization Program (PTMP) in Region 1 is essential to understand its multifaceted impacts on operators, passengers, and the transportation system. Consolidation, which transitions individually-owned jeepneys into cooperatives or corporations, affects the livelihoods of drivers and operators, raising concerns about financial viability, operational independence, and cultural adjustment. It also seeks to enhance economic efficiency by streamlining operations, improving vehicle maintenance, and ensuring better service delivery for passengers. Research helps identify challenges such as resistance to the program, the need for financial support, and ways to improve policies to ensure fairness and inclusivity.

Consolidation also plays a vital role in achieving broader goals such as regulatory compliance, environmental sustainability, and improved public safety. By transitioning to eco-friendly vehicles and standardized systems, the program addresses greenhouse gas emissions and modernizes the public transport sector. Studying this process is critical to evaluating its success in meeting these objectives, uncovering socio-economic impacts, and ensuring long-term sustainability and scalability. Insights from such studies can guide policymakers in refining the program, addressing stakeholder concerns, and creating a public transport model that balances efficiency, accessibility, and environmental stewardship.

Framework of the Study

From a theoretical perspective, Urban Transport Theory (Rodrigue, 2020) emphasizes the critical role of transportation networks in shaping urban growth, accessibility, and economic development. This perspective establishes that transport systems are not merely service mechanisms but structural drivers of spatial and economic organization. In parallel, the Mobility-as-a-Service (MaaS) Framework (Jittrapirom et al., 2017) underscores the importance of integrated, user-centered, and technology-enabled transport systems in enhancing mobility efficiency, accessibility, and overall social welfare. Within the Philippine context, these theoretical lenses collectively justify the need for a modernized, coordinated, and responsive public transportation system capable of addressing systemic inefficiencies and evolving commuter demands.

Complementing these perspectives, Transportation Systems Theory (Hensher & Button, 2019) conceptualizes transport as an interconnected system whose inefficiencies generate negative externalities such as congestion, pollution, and safety risks. This theory provides a systemic justification for large-scale interventions such as the Public Utility Vehicle Modernization Program (PUVMP), positioning modernization as a necessary mechanism to optimize operational performance and reduce broader societal costs. Rather than viewing transport issues in isolation, this theory frames them as outcomes of structural and operational fragmentation, thereby reinforcing the need for coordinated reforms.

At the organizational level, Institutional Theory (DiMaggio & Powell, 1983) explains how formal regulations, normative pressures, and organizational structures shape behavior and influence the adoption of innovations. Within the context of the PUVMP, the mandated consolidation of transport operators into cooperatives or corporations reflects institutional pressures toward standardization, legitimacy, and professionalization. The requirement to comply with policies such as the “One Route, One Franchise” framework exemplifies coercive isomorphism, where transport entities adapt their structures to align with regulatory expectations in order to sustain operations within a formalized system.

Expanding the economic and organizational dimensions of the framework, Transaction Cost Economics (TCE), as advanced by Ronald Coase and Oliver Williamson, provides a strong analytical basis for understanding consolidation. It posits that organizations emerge when the cost of conducting transactions in the market exceeds the cost of internal coordination. In the case of La Union, individual jeepney and bus operators incur high transaction costs when independently negotiating fuel procurement, vehicle maintenance, insurance, and regulatory compliance. Consolidation reduces these inefficiencies through centralized coordination, thereby enabling more cost-effective and streamlined operations.

Closely related to this, the Resource-Based View (RBV) explains that sustainable advantage is derived from access to valuable, rare, and inimitable resources. Small-scale transport operators typically face constraints in acquiring modern vehicles, advanced technologies, and managerial expertise. Through consolidation, these operators are able to pool both tangible resources—such as fleets and infrastructure—and intangible resources, including organizational capabilities and institutional credibility. This collective resource base enhances their capacity to access financing mechanisms and comply with modernization requirements, which are otherwise unattainable at the individual level.

The Theory of Economies of Scale further reinforces the rationale for consolidation by explaining how increased scale of operation reduces average costs. In a fragmented transport system such as that of La Union, fixed costs related to terminals, dispatching systems, and administrative functions are disproportionately borne by individual operators. Consolidation enables cost-sharing across a broader operational base, resulting in improved financial sustainability, more predictable income structures, and enhanced service efficiency.

From a systems integration perspective, Network Theory within the Socio-Technical Transition framework highlights the importance of understanding transport as an interconnected network of actors, technologies, and infrastructures. A fragmented system characterized by numerous independent operators often leads to inefficiencies such as route duplication, service imbalance, and unregulated competition. Consolidation facilitates route rationalization and coordinated scheduling, transforming the transport system into a more organized and efficient network that better aligns supply with passenger demand.

Taken together, these theories provide a multidimensional foundation for the study. Urban Transport Theory, MaaS Framework, and Transportation Systems Theory explain the structural and functional necessity of modernization, while Institutional Theory, Transaction Cost Economics, Resource-Based View, and Economies of Scale explain the organizational and economic dynamics of consolidation. Network Theory further integrates these perspectives by situating transport modernization within a broader system of interdependent relationships. These theoretical

foundations directly support the variables and relationships presented in the research paradigm, particularly in examining consolidation, operational efficiency, financial viability, and policy compliance.

In operationalizing these theoretical constructs, the study adopts the Context–Input–Process–Output (CIPO) model as its analytical framework. This model provides a structured approach to examining the implementation of the Public Transport Modernization Program (PTMP) under the Department of Transportation Order No. 2017-011, also known as the Omnibus Guidelines on the Planning and Identification of Public Road Transportation Services and Franchise Issuance.

The Context dimension establishes the broader regulatory and socio-economic environment in which the PTMP operates. It includes an examination of the Omnibus Guidelines, which articulate the objectives of fleet modernization, route rationalization, and industry consolidation. This phase also considers prevailing sectoral challenges such as aging transport units, environmental degradation, traffic congestion, financial limitations, and resistance among operators. These contextual factors frame the necessity and urgency of modernization while highlighting the structural conditions that influence program implementation.

The Input dimension focuses on the collection of empirical data relevant to the study. This includes profiling transport service entities in terms of demographic, operational, and financial characteristics to assess their readiness for consolidation and modernization. It also involves identifying key challenges such as financial constraints, institutional resistance, and limited awareness or understanding of program requirements. Additionally, factors contributing to non-participation and operational difficulties among small and medium-sized operators are examined to provide a comprehensive evidence base for analysis.

The Process dimension involves the systematic analysis of collected data to identify patterns, relationships, and underlying issues in the consolidation process. This includes evaluating the financial and operational sustainability of transport entities, assessing barriers to compliance, and examining the broader impacts of modernization on economic viability, service efficiency, and environmental outcomes. This phase also incorporates sustainability planning by identifying long-term strategies and best practices that support the continued viability of transport operators within the modernized system.

The Output dimension synthesizes the findings into concrete outcomes and policy-relevant insights. It identifies the extent to which the PTMP has achieved its objectives in promoting consolidation and modernization, as well as the key challenges that hinder effective implementation. Based on these findings, the study proposes policy recommendations aimed at enhancing program inclusivity, improving financial accessibility, and strengthening institutional support mechanisms. Operational guidelines are likewise formulated to improve the efficiency and sustainability of consolidated transport entities.

The foregoing policies provide the institutional and regulatory foundation of the PUV Modernization Program, particularly emphasizing mechanisms such as route rationalization, fleet modernization, and industry consolidation. However, despite the clarity of these frameworks, transport service entities continue to encounter significant implementation challenges, including financial constraints, institutional readiness issues, and stakeholder resistance. These challenges function as critical variables within the study, as they directly influence the level of compliance and the overall effectiveness of program implementation. Accordingly, this study situates these policy frameworks within the local context of La Union to examine how transport service entities respond to regulatory mandates, thereby forming the basis for the conceptual framework and situation analysis of the research.

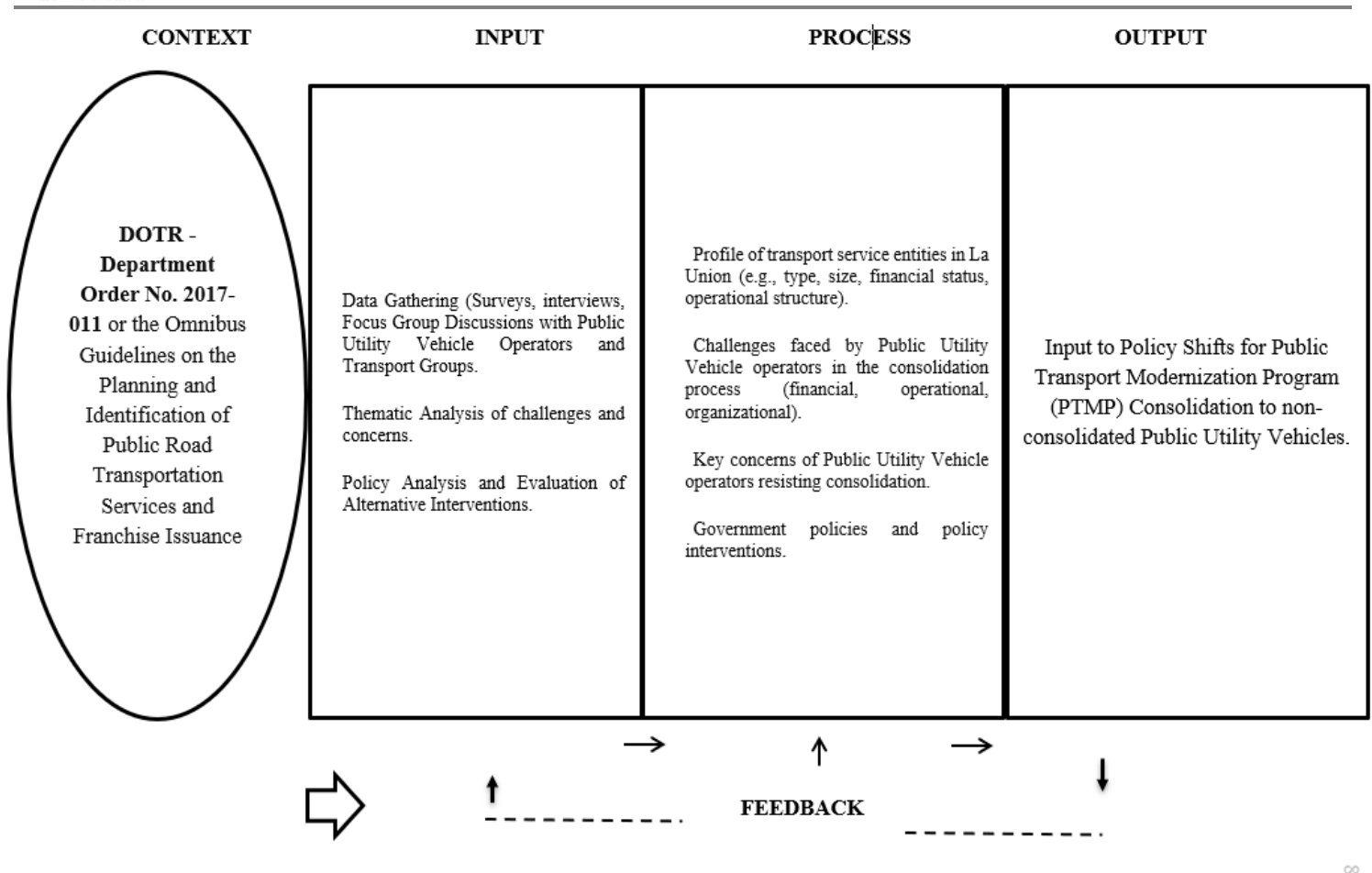


Fig. 1. The Research Paradigm

Statement of the Problem

This study aimed to address the pressing need to understand and evaluate the status of Industry Consolidation through the implementation of the Public Transport Modernization Program (PTMP).

The implementation of the Public Transport Modernization Program (PTMP) has introduced significant changes to the transport sector, particularly through the consolidation of operators into unified Transport Service Entities. However, the transition poses several challenges that require thorough examination to ensure its effectiveness and sustainability in specific regions, such as La Union. This study sought to address the following issues:

1. What is the profile of transport service entities in La Union?
2. What challenges do public utility vehicle (PUV) operators face during the consolidation process, particularly in terms of financial constraints, operational disruptions, and resistance to organizational restructuring?
3. What are the main issues faced by public utility vehicle (PUV) operators who cannot or choose not to consolidate under the Public Transport Modernization Program (PTMP)?
4. What policy interventions can be proposed to address these concerns while ensuring alignment with the goals of the modernization program?

Definition of Terms

Challenges refer to the difficulties, barriers, or obstacles encountered by Transport Service Entities (TSEs) in the

implementation of the Public Transport Modernization Program (PTMP) consolidation.

Consolidation Process refers to the act of combining smaller, independent units or entities into a single, unified organization or system to improve efficiency, coordination, and management.

Economic Impact refers to the effects of the PTMP on the economic conditions and development of transport operators and the province of La Union.

Effectiveness refers to the extent to which the objectives of the PTMP consolidation are successfully achieved.

Efficiency refers to the ability to achieve desired outcomes in the PTMP consolidation process with minimal use of time, cost, and resources.

Environmental Impact refers to the effects of the PTMP on environmental sustainability, including emissions reduction and eco-friendly transport practices.

Financial Constraints refer to the limitations in access to funds, capital, or financial resources experienced by PUV operators during the consolidation process.

Industry Consolidation refers to the process of merging individual transport operators into legally recognized entities such as cooperatives or corporations under the PTMP.

Key Concerns refer to the primary issues or problems identified by respondents regarding the implementation of the PTMP consolidation.

La Union refers to the province in Region I (Ilocos Region), Philippines, where the study is conducted.

Land Transportation Franchising and Regulatory Board (LTFRB) refers to the government agency responsible for issuing franchises and regulating public transport services in the Philippines.

Operational Disruptions refer to interruptions in transport operations experienced during the consolidation process, resulting in delays, reduced service efficiency, or operational difficulties.

Policy Alternatives refer to the proposed strategies or recommendations developed in this study to address the challenges in PTMP consolidation.

Policy Intervention refers to the actions or measures implemented to address issues in the transport sector and improve program outcomes.

Profile refers to the characteristics of Transport Service Entities, such as type of organization, size, and operational background.

Public Transport Modernization Program (PTMP) refers to the government initiative aimed at improving the public transportation system through modernization, regulation, and consolidation of PUV operators.

Public Transport Modernization Program (PTMP) Consolidation refers to the process requiring individual PUV operators to form or join cooperatives or corporations to improve efficiency, regulation, and access to support.

Public Transportation System refers to the network of transport services, vehicles, and infrastructure used for public mobility.

Public Utility Vehicles (PUVs) refer to vehicles providing public transport services, such as jeepneys, buses, and vans.

Public Utility Vehicle Modernization Program (PUVMP) refers to the earlier phase of the PTMP focused on replacing old vehicles with modern, safer, and environmentally friendly units.

Resistance to Organizational Restructuring refers to the reluctance of operators or stakeholders to accept changes brought about by the consolidation process.

Social Impact refers to the effects of the PTMP on the welfare and quality of life of transport operators and commuters.

Status refers to the current condition or level of implementation of the PTMP consolidation among Transport Service Entities.

Transport Service Entities (TSEs) refer to legally registered cooperatives or corporations formed through the consolidation of PUV operators, responsible for managing transport operations and ensuring regulatory compliance.

METHODOLOGY

Research Design

This study investigated the status of the consolidation process and the challenges faced by Transport Service Entities (TSEs) in La Union regarding the Public Transport Modernization Program (PTMP). To achieve a comprehensive understanding, the study employs a Mixed Methods Research Design, specifically a Descriptive Explanatory approach.

In this design, quantitative data were collected and analyzed first, followed by qualitative data to help explain or elaborate on the quantitative results (Creswell & Plano Clark, 2018). The primary method was a quantitative survey questionnaire used to assess the status and challenges numerically. This was followed by a qualitative validation phase through semi-structured interviews, which serve to contextualize the survey findings and provide a deeper understanding of the lived experiences and nuances that numbers alone cannot capture.

In addition, the study acknowledged the presence of twenty-one (21) individual or unconsolidated Public Utility Jeepney (PUJ) operators in La Union who have not yet joined any Transport Service Entity (TSE). These operators were included in the study to provide a more comprehensive perspective on the challenges of consolidation, particularly from those who remain outside formal organizational structures.

Source of Data

The study relied on Primary Data gathered directly from the participants through a structured survey questionnaire (Quantitative phase) and follow-up semi-structured interviews (Qualitative phase). This direct engagement ensures that the findings reflect the current, first-hand experiences of the transport sector.

The study utilized Purposive Sampling to identify participants who are directly impacted by the mandatory consolidation phase of the PTMP. The respondents were drawn from nineteen (19) Transport Service Entities in La Union that utilize Public Utility Jeepneys (PUJs), as well as twenty-one (21) individual or unconsolidated operators who continue to operate outside formal consolidation arrangements.

For the Quantitative Phase, the survey was administered to the heads or designated representatives of these 19 entities, along with selected individual operators who were willing to participate. For the Qualitative Phase, a subset of these participants (including representatives from both consolidated TSEs and unconsolidated operators) was invited for interviews to validate and explain the survey trends.

Table 1. Distribution of Respondents

Transport Service Entities in La Union	Designation	Participants
Cooperative	Chairman / Liaison	18
Corporation	President / Liaison	1
Individual / Unconsolidated Operators	Operator	21
TOTAL		40

Instrumentation and Data Collection

The study utilized two primary research instruments to gather both quantitative and qualitative data. The first instrument was a researcher-made survey questionnaire that underwent expert validation to ensure clarity, relevance, and content validity. The questionnaire was structured into several key sections.

The Profile of Transport Service Entities (TSEs) section collected demographic and operational information, including the type of public utility vehicle (PUV), the nature of the business (whether operating as an individual, cooperative, or corporation), the number of vehicles in operation, and the number of years the entity had been operating.

The Consolidation Challenges section measured respondents' level of agreement regarding issues such as high modernization costs, access to financial resources, operational disruptions, and the complexities of organizational restructuring.

The Government Assistance and Policy section evaluated participants' perceptions of the adequacy of financial support, availability of technical assistance, and flexibility of government policies. Lastly, the Modernization Preferences section identified the respondents' preferred approaches to modernization, including full consolidation, partial modernization, or hybrid models.

The second instrument was an interview guide consisting of semi-structured, open-ended questions. This tool was designed to probe more deeply into the responses obtained from the survey questionnaire. Through the interviews, participants were given the opportunity to elaborate on specific financial, operational, and organizational challenges they encountered,

The researcher-made questionnaire and interview guide were first subjected to content validation by five experts. A rubric was provided to guide the validators in assessing each item. The Content Validity Index (CVI) was computed using a 4-point scale (1 = not relevant, 2 = somewhat relevant, 3 = quite relevant, 4 = highly relevant), with no neutral option. Ratings were categorized into "relevant" (3 and 4) and "not relevant" (1 and 2). The Item-Level CVI (I-CVI) was calculated by dividing the number of experts who rated an item as relevant by the total number of experts, while the Scale-Level CVI (S-CVI/Ave) was obtained by averaging all I-CVIs. Based on Lynn's criteria, items with an I-CVI of 1.00 were considered valid. The results showed that both the questionnaire and the interview guide obtained a CVI of 1.00, indicating excellent content validity.

After the validation process, the comments and suggestions of the experts were incorporated to further improve the instruments. Subsequently, pilot testing was conducted to establish reliability. The interview guide was pilot tested with two respondents, while the questionnaire was administered to 30 respondents who were not part of the actual study. The questionnaire yielded a Cronbach's alpha of 0.87, indicating good reliability.

This study observed rigorous ethical standards in the conduct of research involving human participants, particularly representatives of Transport Service Entities (TSEs) and individual or unconsolidated operators. Prior to participation, informed consent was obtained from all nineteen (19) TSE representatives and 21 unconsolidated operators. Each participant will receive a written consent form outlining the research objectives, procedures, expected duration of participation, potential risks and benefits, and the intended use of collected data. Participants will be given adequate time to review the information and seek clarification before voluntarily agreeing to participate.

Consistent with ethical principles of respect for people and autonomy, participants will be informed of their right to withdraw from study at any stage without penalty or negative consequences. They may also refuse to respond to any question they deem sensitive or uncomfortable. Participation will therefore remain entirely voluntary throughout the research process.

To ensure confidentiality and anonymity, all personally identifiable information were removed from the dataset. Names of cooperatives, organizations, and individual participants were replaced with coded identifiers (e.g., TSE-01, Participant-A). A master list linking identities to codes was maintained solely by the researcher and stored in a secure, password-protected location. No identifying details were disclosed in reports, presentations, or publications resulting from the study.

Given the qualitative nature of the research, particular attention was paid to protecting participants' narratives and organizational information. Direct quotations were used responsibly and excluded any details that may unintentionally reveal identities. The researcher ensured that the interpretation of participants' experiences is accurate, respectful, and free from misrepresentation.

All research data were handled following strict data management and security protocols. Digital materials, including audio recordings, transcripts, and field notes, were stored in encrypted, password-protected devices or secure cloud storage accessible only to the researcher. Physical documents were kept in locked storage to prevent unauthorized access. Upon completion of the study, including final defense and publication, physical copies containing sensitive information were shredded, and digital files with identifiable data were permanently deleted in accordance with responsible data retention and disposal practices.

The study also complied with institutional research requirements, including the securing of ethics clearance from the appropriate review body or research ethics committee prior to data collection. The researcher committed to upholding the principles of beneficence, non-maleficence, integrity, and transparency by ensuring that findings are reported honestly without fabrication, falsification, or selective omission of data.

Overall, the research prioritizes the protection of participants' rights, dignity, and welfare, ensuring that ethical considerations are integrated at every stage of the research process.

On the other hand, the data collection process was conducted in two phases to ensure a comprehensive analysis of the study objectives. In Phase 1 (Quantitative), formal permission was first secured from the heads of the Transport Service Entities (TSEs) and from individual operators prior to the distribution of the survey questionnaires. Upon collection, the responses were systematically encoded and subjected to statistical analysis to identify key trends, areas of concern, and significant "pain points" experienced by the respondents in relation to consolidation and modernization.

In Phase 2 (Qualitative), the findings from the survey served as the basis for selecting participants and refining the focus of the inquiry. The researcher then conducted semi-structured interviews with selected representatives from both consolidated TSEs and unconsolidated operators to gain deeper insights into the issues identified during the quantitative phase. With the informed consent of the participants, the interview sessions were audio-recorded to ensure accuracy in capturing their perspectives and experiences. This process enabled the researcher to validate and enrich the survey results by incorporating the authentic voices and lived experiences of the transport sector.

Analysis of Data

The data were analyzed through a side-by-side comparison of quantitative and qualitative findings to ensure a comprehensive interpretation of results. For the quantitative component, descriptive statistics were employed to determine the overall status of consolidation and the level of challenges experienced by the respondents. Specifically, frequency counts and percentages were used to describe the distribution of respondents according to key demographic characteristics (profile) and to highlight specific concerns raised by non-consolidated operators. Additionally, the weighted mean was computed to determine the overall status of consolidation and the perceived level of challenges experienced by the respondents. This statistical approach enabled the researcher to measure the degree of agreement or severity of issues identified in the survey, as well as to establish general trends across Transport Service Entities (TSEs).

To interpret the results for the survey responses, the following scale was used:

Rating	Range	Descriptive Equivalent
5	4.21 - 5.00	Strongly Agree
4	3.41 - 4.20	Agree
3	2.61 - 3.40	Neutral
2	1.81 - 2.60	Disagree
1	1.00 - 1.80	Strongly Disagree

For the qualitative component, the interview transcripts were analyzed using Thematic Analysis as outlined by Braun and Clarke (2006). This process involved systematically coding the responses, identifying patterns, and grouping similar ideas into recurring themes. The thematic approach allowed for deeper exploration of the underlying factors that explain the significant “highs” and “lows” reflected in the quantitative survey results.

The final stage of analysis involved data integration through a process of data transformation. In this phase, qualitative narratives were used to contextualize and explain the statistical mean scores derived from the survey. By combining numerical trends with participants lived experiences and detailed explanations, the study provided a more holistic and nuanced understanding of the situation faced by TSEs in relation to consolidation and modernization.

This study strictly adhered to established ethical standards in the conduct of research involving human participants. Prior to data gathering, the researcher secured approval from the University Research Ethics Committee (UREC) to ensure that the study complied with institutional and ethical guidelines. The UREC certification confirms that the research proposal was reviewed and found compliant with ethical principles such as respect for persons, beneficence, and justice.

The researcher ensured that all respondents participated voluntarily and were fully informed about the purpose, procedures, and nature of the study through an informed consent form. Participants were assured that their responses would be treated with utmost confidentiality and used solely for academic purposes. No personal identifiers were disclosed in any part of the study, thereby protecting the privacy and anonymity of the respondents.

Furthermore, respondents were informed of their right to withdraw from participation at any stage without penalty. The researcher also ensured that no physical, emotional, or psychological harm would arise from participation in the study. All collected data were stored securely and accessed only by the researcher.

Through compliance with UREC requirements, the study-maintained integrity, transparency, and ethical responsibility throughout the research process.

RESULTS AND DISCUSSIONS

Profile of Transport Services in La Union

This chapter presents, analyzes, and interprets the data gathered from forty (40) Public Utility Vehicle (PUV) operators and drivers in La Union. The findings integrate quantitative results using weighted means and qualitative insights derived from open-ended responses and in-depth interview statements.

Data collection was conducted through a combination of face-to-face and online interviews. The researcher personally visited transport terminals in the City of San Fernando, La Union, where most respondents were interviewed to ensure contextual accuracy and richer qualitative data. Some interviews were conducted online due to scheduling and accessibility constraints. Notably, most respondents declined photo documentation, citing fear that such materials could be used against them, particularly among individual operators. This reflects the sensitivity of the study and highlights the importance of confidentiality in transport sector research (World Bank, 2022).

The discussion is organized according to the objectives of the study, with each table preceded by a detailed interpretation supported by actual interview narratives to provide depth and contextual grounding.

Table 2 presents a comprehensive profile of transport services in La Union, examining the type of public utility vehicle (PUV) operated, nature of operation, number of units owned, years in transport operation, average daily gross income, and current status under the Public Utility Vehicle Modernization Program (PUVMP).

Table 2. Profile of Transport Services in La Union (n = 40)

Profile	Frequency (n)	Percentage (%)
Type of Public Utility Vehicle (PUV) Operated		
Traditional Jeepney (TPUJ)	38	95%
Modernized Jeepney (MPUJ)	2	5%
Total	40	100%
Nature of Operation		
Individual Operator	21	52.5%
Cooperative Member	17	42.5%
Corporation Member	2	5%
Total	40	100%
Number of Units Owned		
1 Unit	20	50%
2–3 Units	20	50%

Total	40	100%
Years in Transport Operation		
5–10 years	12	30%
11–20 years	15	37.5%
More than 20 years	13	32.5%
Total	40	100%
Average Daily Gross Income		
Below ₱3,000	16	40%
₱3,001–₱5,000	21	52.5%
₱5,001–₱8,000	3	7.5%
Total	40	100%
Current Status under Modernization		
Already Consolidated	19	47.5%
Not Consolidated	21	52.5%
Total	40	100%

The presentation of these variables becomes more meaningful when integrated with the actual experiences and statements of the respondents gathered through interviews, which were conducted both personally at transport terminals in the City of San Fernando and through online platforms.

The data revealed that the transport sector remains predominantly traditional, with 95% of respondents operating traditional public utility jeepneys (TPUJs) and only 5% operating modernized units (MPUJs). This quantitative finding is strongly supported by interview responses, where many operators expressed difficulty in transitioning to modernized units. One respondent shared, *“Hindi namin kaya ang presyo ng modern jeepney, masyadong mahal para sa amin na maliit lang ang kita.”* Another operator explained, *“Kung papalitan namin ang unit, saan kami kukuha ng puhunan? Wala naman kaming sapat na ipon.”* These statements emphasize that the low adoption of MPUJs is not due to unwillingness alone but is largely driven by financial incapacity, reinforcing the observed imbalance between traditional and modernized units. The implications of this finding suggest that without targeted financial support mechanisms, such as accessible financing schemes or subsidies, modernization programs may continue to face low uptake, leaving the majority of operators constrained to traditional systems.

In terms of the nature of operation, 52.5% of respondents are individual operators, while 42.5% belong to cooperatives and only 5% are part of corporations. Interview data reveal underlying reasons for this distribution. Several individual operators expressed hesitation toward joining cooperatives, citing concerns over loss of control and trust issues. One participant stated, *“Mas gusto ko na ako ang may hawak ng kita ko, mahirap umasa sa sistema ng cooperative.”* Another added, *“May mga naririnig kami na problema sa pamamalakad ng iba, kaya nagdadalawang-isip kami sumali.”* These insights suggest that while consolidation is a central component of the modernization program, social and organizational factors—such as trust and perceived management issues—play a

crucial role in shaping operator decisions. This highlights the importance of incorporating community engagement, transparent governance, and trust-building measures when implementing modernization initiatives to enhance cooperative membership and compliance.

The equal distribution in the number of units owned, with 50% operating a single unit and 50% owning two to three units, reflects the small-scale structure of the transport sector. Interview responses further highlight the implications of this structure. Operators with a single unit often emphasized financial vulnerability, with one noting, *“Isang unit lang ang pinagkukunan ko ng kita, kaya kapag wala itong pasada, wala rin akong income.”*

Meanwhile, those with multiple units indicated slightly better capacity but still expressed limitations, as one respondent shared, *“May dalawa akong unit pero kulang pa rin para makasabay sa modernization, lalo na sa laki ng gastos.”* These responses demonstrate that even operators with more than one unit remain constrained by limited capital, reinforcing the challenges of scaling up operations to meet modernization requirements. The broader implication is that modernization policies need to account for the small-scale nature of the sector and offer flexible approaches that accommodate operators with varying capacities.

With respect to years in transport operation, the majority of respondents have been in the industry for more than ten years. This long-term engagement is reflected in interview responses that reveal strong attachment to traditional systems. One long-time operator remarked, *“Sanay na kami sa ganitong sistema, ito na ang nakasanayan namin sa loob ng maraming taon.”* Another added, *“Mahirap mag-adjust lalo na kung matagal ka nang nasa biyahe, kabisado mo na ang sistema.”* These statements indicate that beyond financial constraints, behavioral and experiential factors also influence resistance to modernization, as operators are accustomed to established routines and operational methods. The implication is that modernization efforts should not only focus on infrastructure and finance but also include change management, training, and awareness programs to facilitate behavioral shifts and ease the transition for long-standing operators.

The income profile further contextualizes these challenges. With 52.5% earning between ₱3,001 and ₱5,000 daily and 40% earning below ₱3,000, interview responses reveal that these earnings are often insufficient when accounting for daily expenses such as fuel, boundary, maintenance, and household needs. One respondent explained, *“Sa kita namin, sakto lang para sa pang-araw-araw, wala talagang natitira para sa malaking gastos tulad ng bagong unit.”* Another stated, *“Minsan kulang pa nga ang kita lalo na kapag mahina ang pasada.”* These qualitative insights highlight the economic reality behind the numerical data, illustrating why many operators struggle to comply with modernization requirements that demand significant financial investment. The implications are clear: economic realities must be central in program planning, ensuring that the cost of modernization does not disproportionately burden operators, potentially threatening the sustainability of the transport sector.

Finally, the data show that 52.5% of respondents are not yet consolidated, while 47.5% have already complied. Interview responses provide deeper insight into this divide. Those who have not consolidated often cited financial barriers and organizational concerns. One participant shared, *“Hindi pa kami consolidated kasi hindi pa namin kayang sumunod sa requirements, lalo na sa financial.”* Another explained, *“Gusto naman namin sumunod pero kailangan muna ng tulong o suporta.”*

On the other hand, respondents who are already part of cooperatives noted both benefits and challenges, with one stating, *“Mas maayos ang sistema kapag consolidated, pero kailangan talaga ng malaking adjustment.”* These responses suggest that while consolidation is recognized as beneficial by some, the transition process remains difficult and resource-intensive. This underscores the implication that policies promoting consolidation must be accompanied by comprehensive support systems—financial, technical, and social—to enable smooth and sustainable adoption.

Overall, the integration of quantitative data and qualitative interview responses in Table 2 reveals that the slow adoption of the PUVMP in La Union is shaped by interconnected factors, including financial limitations,

organizational hesitancy, small-scale operations, long-standing industry practices, and modest income levels. The lived experiences of transport operators reinforce the statistical findings, providing a clearer and more grounded understanding of the barriers to modernization.

The profile of transport services in La Union further implies that successful modernization requires a holistic approach that addresses the financial, institutional, social, and behavioral dimensions of transport operations. Operators' limited income, small-scale operations, and attachment to traditional systems hinder adoption of modernized units, while hesitancy to consolidate reflects concerns over trust and management structures. Effective implementation of the PUVMP therefore demands targeted financial support, accessible financing, flexible policies, capacity-building initiatives, and change management programs that help operators adjust to new systems. Additionally, fostering cooperative trust and improving institutional support can facilitate consolidation and enhance program sustainability. These insights suggest that modernization policies must be inclusive, context-sensitive, and responsive to the lived experiences of operators to ensure meaningful and lasting transformation of the transport sector.

These findings are consistent with recent studies indicating that transport sectors in developing regions remain dominated by informal and traditional systems due to financial and institutional constraints (Asian Development Bank, 2021; World Bank, 2022). These findings are also consistent with reports from the Department of Transportation (2020) and the Land Transportation Franchising and Regulatory Board (2021), which highlight financial and institutional constraints as major challenges in program implementation. Similarly, the World Bank (2022) and the Asian Development Bank (2021) emphasize that structural barriers, such as limited access to financing and weak institutional support, significantly affect transport modernization efforts in developing contexts, suggesting that these insights have broader relevance for planning inclusive and effective modernization strategies.

Challenges Public Utility Vehicle (PUV) Operators Faced during the Consolidation Process Financial Constraints

The data in Table 3 indicate that all financial indicators fall within the "Agree" to "Strongly Agree" range, confirming that financial limitations are the most significant barrier to consolidation. The highest mean score (4.45) corresponds to the statement "Fear of indebtedness discourages consolidation," followed by the difficulty of raising equity (4.26), and the perception that the cost of acquiring modernized units exceeds financial capacity (4.19). These numerical findings are strongly reinforced by interview responses, which reveal both the economic and psychological dimensions of financial constraints.

Operators consistently emphasized that the required equity is an immediate and prohibitive barrier. As one participant explained, "*Yung equity pa lang, hindi na namin kaya. Wala kaming ganung kalaking ipon.*" (Participant 10), while another added, "*Kailangan maglabas ng malaking pera agad, eh pang-araw-araw lang ang kita namin.*" (Participant 4).

Table 3. Financial Constraints in the Consolidation Process

Indicators	Mean	Descriptive Equivalent
The cost of acquiring modernized PUV units is beyond my financial capacity.	4.19	Agree
Loan interest rates for modernization financing are too high.	3.97	Agree
The required equity contribution for modernization is difficult to raise.	4.26	Strongly Agree

Income uncertainty makes it risky to commit to long-term loans.	4.03	Agree
Fear of indebtedness discourages consolidation.	4.45	Strongly Agree

Legend: 4.21–5.00 = Strongly Agree; 3.41–4.20 = Agree; 2.61–3.40 = Neutral; 1.81–2.60 = Disagree; 1.00–1.80 = Strongly Disagree

These statements directly support the high mean for equity-related difficulty, illustrating that operators’ incomes are largely subsistence-based and insufficient for capital accumulation.

The fear of indebtedness, which obtained the highest mean, reflects deep-seated anxiety toward financial risk. This is not merely a rational calculation but an emotional response rooted in income instability. As expressed by participants, “*Nakatakot pong mangutang kasi hindi sigurado ang kita araw-araw.*” (Participant 18) and “*Ayaw naming malubog sa utang na baka hindi namin mabayaran.*” (Participant 35). These responses demonstrate that operators perceive modernization financing as a high-risk commitment with potentially severe consequences.

Loan conditions further compound these concerns. The mean score of 3.97 for high interest rates is supported by sentiments such as, “*Mataas ang interest, parang hindi na makatarungan sa kita namin.*” (Participant 31). When combined with income uncertainty—reflected in a mean of 4.03—operators expressed difficulty committing to long-term financial obligations. As one respondent noted, “*Kapag mahina ang pasada, wala kaming pambayad sa hulog.*” (Participant 6), while another explained, “*Hindi pare-pareho ang kita, kaya mahirap pumasok sa long-term na utang.*” (Participant 22).

When these indicators are analyzed collectively, financial constraints emerge as multi-dimensional, encompassing not only the inability to access capital but also structural issues in financing schemes and the unpredictability of daily income. These factors reinforce each other: low income limits savings, which increases reliance on loans, which in turn heightens fear of indebtedness. As a result, modernization is perceived less as an opportunity and more as a financially precarious undertaking.

The implications of these findings are that addressing financial barriers is critical for successful consolidation under the PUVMP. Without interventions that mitigate income vulnerability and reduce financial risk—such as flexible payment schemes, low-interest financing, or targeted subsidies—operators are unlikely to participate fully in modernization efforts. Moreover, the psychological dimension of financial fear highlights the need for financial literacy programs and counseling to build confidence and trust in available funding mechanisms. These insights suggest that modernization policies must recognize the intertwined nature of economic and behavioral factors, designing support systems that are both financially feasible and sensitive to operators’ lived experiences.

Operational Disruptions

Table 4 shows that all indicators related to operational disruptions also fall within the “Agree” range, with mean scores ranging from 3.68 to 4.00. These findings indicate that beyond financial barriers, the day-to-day operational realities of modernization significantly affect operators’ willingness to participate. Similar patterns have been observed in recent transport reform studies, where operational uncertainty and adjustment costs often influence stakeholder resistance more strongly than policy intent (Asian Development Bank, 2021; World Bank, 2020).

Route rationalization, with a mean of 3.84, is perceived as reducing earning opportunities. This is clearly articulated in interview responses such as, “*Simula nang magbago ang ruta, nabawasan ang pasada namin.*” (Participant 6) and “*Hindi na tulad dati na hawak namin kung saan kami babyahe.*” (Participant 17). These statements suggest that operators associate route restructuring with reduced autonomy and income potential, reinforcing resistance to policy changes. This aligns with findings from International Transport Forum (2021), which noted that route

rationalization in developing transport systems often leads to perceived income insecurity among informal transport operators.

The transition to fleet management systems, which obtained a mean of 4.00, introduces new operational structures that require adjustment. Respondents highlighted the loss of flexibility, with one stating, “*Hindi pa kami sanay sa fleet system, may schedule na at hindi na flexible.*” (Participant 14), and another noting, “*Dati hawak namin ang oras namin, ngayon may sistema na sinusunod.*” (Participant 22). These responses indicate that modernization alters not only operational processes but also the work culture of drivers and operators.

Table 4. Disruptions in the Consolidation Process

Indicators	Mean	Descriptive Equivalent
Route rationalization has reduced my earning opportunities.	3.84	Agree
Fleet management systems used in cooperatives are difficult to adapt to.	4.00	Agree
Changes in boundary or remittance systems have negatively affected income.	4.00	Agree
Downtime during the transition period affected income stability.	3.97	Agree
Lack of technical training makes it difficult to operate within the modernized system.	3.68	Agree

Similar observations were reported by International Labour Organization (2022), emphasizing that formalization of transport systems often reshapes labor practices and reduces worker autonomy.

Changes in boundary or remittance systems, also with a mean of 4.00, were perceived to negatively affect income. As one participant shared, “*Mas mababa ang take-home pay kumpara sa dati.*” (Participant 29). This reflects concerns that the new system redistributes income in ways that may not favor individual operators. Studies on transport modernization in Southeast Asia have likewise highlighted how shifts to pooled revenue systems can create apprehension among operators accustomed to boundary-based earnings (Asian Development Bank, 2021; United Nations Economic and Social Commission for Asia and the Pacific, 2020).

Downtime during the transition period (mean = 3.97) further exacerbates financial strain. One respondent explained, “*Kapag may adjustment o seminar, natitigil ang pasada, wala kaming kita.*” (Participant 30). This highlights the immediate economic impact of modernization activities, which disrupt daily earnings. Transition-related income interruptions have also been identified as a major barrier in public transport reforms, particularly in low- and middle-income contexts (World Bank, 2020; Asian Development Bank, 2021).

Finally, the lack of technical training (mean = 3.68) underscores the difficulty of adapting to new systems. As noted by a participant, “*Kulang kami sa training, kaya hirap kaming sumunod sa bagong sistema.*” (Participant 11). This suggests that insufficient capacity-building support hinders effective implementation. Capacity gaps have been widely recognized as a critical issue in transport modernization, with training and technical assistance identified as key enablers of successful reform (International Labour Organization, 2022; International Transport Forum, 2021).

Taken together, these findings demonstrate that operational disruptions are not merely transitional challenges but have direct and immediate effects on income stability, efficiency, and adaptability. These disruptions interact with financial constraints, a pattern also observed in transport reform transitions in Southeast Asia (Asian Development Bank, 2021; World Bank, 2020).

The implications of these findings suggest that operational support is essential for successful consolidation. Policies must account for the short-term disruptions that accompany route reallocation and schedule adjustments, providing strategies to minimize income loss and ensure continuity of service. Operational planning, coordination with local authorities, and temporary support mechanisms—such as guaranteed minimum income or flexible scheduling—can help operators navigate these transitions, reducing resistance to consolidation and sustaining program momentum. These strategies are likewise recommended in recent policy frameworks that emphasize inclusive and transition-sensitive transport reforms (United Nations Economic and Social Commission for Asia and the Pacific, 2020; International Transport Forum, 2021).

Organizational Restructuring

Table 5 highlights the challenges associated with shifting from individual to collective modes of operation. All indicators fall within the “Agree” range, with the highest mean (4.16) associated with the perception that decision-making becomes less transparent under consolidation. This finding reflects broader governance concerns observed in recent transport reforms, where institutional restructuring often introduces uncertainties in accountability and participation (World Bank, 2022; Asian Development Bank, 2021).

The discomfort in surrendering individual control (mean = 3.71) is strongly reflected in interview responses. Operators expressed a preference for autonomy, as seen in statements such as, “*Sanay kami na kami ang may hawak ng desisyon.*” (Participant 2) and “*Kapag cooperative, parang hindi na kami ang nasusunod.*” (Participant 24). These responses indicate that consolidation fundamentally alters power dynamics, which many operators find difficult to accept. Similar patterns have been documented by the International Transport Forum (2021), which emphasizes that transitioning from informal, individual systems to regulated collective models often leads to resistance due to perceived loss of control.

Table 5. Organizational Restructuring Challenges

Indicators	Mean	Descriptive Equivalent
I am uncomfortable surrendering individual control to a cooperative.	3.71	Agree
I lack trust in cooperative leadership structures.	3.71	Agree
Decision-making feels less transparent under consolidation.	4.16	Agree
Organizational requirements are too complex.	3.74	Agree
Lack of technical training makes it difficult to operate within the modernized system.	3.68	Agree

Trust issues in cooperative leadership, also with a mean of 3.71, further contribute to resistance. Participants expressed skepticism regarding management practices, stating, “*Hindi malinaw kung paano pinapatakbo ang cooperative.*” (Participant 19) and “*May duda kami kung patas ang pamamalakad.*” (Participant 32). These concerns highlight the importance of institutional credibility in gaining operator support. Trust and governance issues have likewise been identified as key barriers in cooperative-based systems, particularly when transparency mechanisms are weak (United Nations Economic and Social Commission for Asia and the Pacific, 2020; World Bank, 2022).

The perception of limited transparency, which obtained the highest mean, is reinforced by statements such as, “*Parang hindi transparent ang decision-making.*” (Participant 27). This lack of transparency undermines confidence in the system and discourages participation. Transparency deficits are frequently cited in recent studies

as a major factor affecting stakeholder engagement in transport cooperatives, particularly in developing contexts (Asian Development Bank, 2021).

Additionally, the complexity of organizational requirements (mean = 3.74) presents a practical barrier. As one respondent explained, “*Maraming requirements at proseso, nakakalito para sa amin.*” (Participant 9). This suggests that administrative burdens may deter operators from engaging in consolidation. Administrative complexity has been recognized as a common implementation challenge, often requiring simplification and targeted support to improve participation rates (International Labour Organization, 2022).

The inclusion of technical training challenges within this category (mean = 3.68) further emphasizes that organizational restructuring is not only about governance but also about capacity development. Without adequate support, operators struggle to adapt to new roles and responsibilities within cooperatives. Capacity-building gaps remain a persistent issue in transport modernization efforts, highlighting the need for continuous training and institutional support (International Labour Organization, 2022; International Transport Forum, 2021).

When analyzed collectively, the findings in Table 6 demonstrate that resistance to consolidation is deeply rooted in issues of control, trust, transparency, and complexity, which aligns with governance challenges identified in cooperative-based transport systems (World Bank, 2022; Asian Development Bank, 2021).

The implications of these findings indicate that successful consolidation requires not only financial and operational support but also attention to social and organizational dynamics. Capacity-building initiatives, transparent governance, clear communication, and trust-building exercises are critical to help operators adapt to cooperative structures. Policies that actively support collaboration, clarify roles, and provide guidance on management practices can reduce resistance, enhance member participation, and strengthen the long-term sustainability of consolidation initiatives. These approaches are strongly supported in recent policy frameworks emphasizing inclusive governance and stakeholder engagement in transport reforms (United Nations Economic and Social Commission for Asia and the Pacific, 2020; International Transport Forum, 2021).

Summary of Challenges in the Consolidation Process

The data presented in Tables 3 to 5, as summarized in Table 6, indicate that Public Utility Vehicle (PUV) operators generally agree that they are experiencing significant challenges during the consolidation process under the Public Transport Modernization Program (PTMP). Among the identified indicators, financial constraints obtained the highest mean score of 4.18, suggesting that this is the most pressing concern for respondents. This implies that many operators are struggling with the high costs associated with modernization, such as vehicle replacement, loan amortizations, and compliance with regulatory requirements. Supporting this, interview responses revealed that several operators expressed difficulty in securing sufficient funds, with some noting that “*mataas ang hulog sa modern jeep, hirap kami bayaran araw-araw,*” highlighting the burden of daily financial obligations.

Meanwhile, disruptions in the consolidation process recorded a mean of 3.90, also interpreted as “Agree,” indicating that operators are encountering operational interruptions. These disruptions may include route adjustments, temporary loss of income, and uncertainty during the transition period. Interview data further reinforced this finding, as some respondents shared that “*nawalan kami ng pasada habang inaayos ang consolidation,*” pointing to the direct impact on their daily livelihood.

Table 6. Summary of Challenges in the Consolidation Process

Indicators	Mean	Descriptive Equivalent
Financial Constraints in the Consolidation Process	4.18	Agree

Disruptions in the Consolidation Process	3.90	Agree
Organizational Restructuring Challenges	3.80	Agree

Lastly, organizational restructuring challenges yielded a mean of 3.80, which, although the lowest among the three, still falls within the “Agree” range. This suggests that respondents are facing difficulties in adapting to new organizational arrangements such as forming or joining cooperatives. Based on the interviews, operators mentioned concerns about management issues, trust, and role adjustments within cooperatives, with one stating that *“hindi lahat sanay sa sistema ng kooperatiba, may mga hindi nagkakaintindihan.”*

Overall, the findings from both the quantitative data (Tables 3–5) and qualitative interview responses (Table 6) underscore the need for targeted policy interventions consistently demonstrate that the consolidation process poses multifaceted challenges for PUV operators, with financial issues emerging as the most critical, followed by operational disruptions and organizational adjustments. These results are consistent with recent evaluations of the PUVMP indicating that financial burden, operational transition issues, and governance concerns are primary barriers to consolidation (Department of Transportation, 2020; Land Transportation Franchising and Regulatory Board, 2021).

The combined findings from Tables 3 to 5 imply that the challenges in the consolidation process are deeply interconnected, with financial, operational, and organizational barriers reinforcing one another and collectively shaping resistance to modernization.

Financial instability limits operators’ ability to absorb operational disruptions, while uncertainties in daily operations further heighten reluctance to engage in long-term financial commitments. At the same time, organizational challenges—particularly issues of trust, coordination, and governance—complicate collective action, making consolidation not only an economic decision but also a social and institutional transition. These interrelated constraints suggest that addressing a single dimension in isolation may be insufficient to ensure successful implementation of the PUVMP.

Instead, a comprehensive and integrated approach is necessary, one that simultaneously reduces financial risks, ensures operational continuity, and strengthens organizational capacity. This underscores the need for coordinated policy interventions that align financial assistance, operational planning, and institutional development, thereby creating a more supportive environment for transport operators to participate in and sustain consolidation efforts.

Key Concerns of Non-Consolidated Operators

Table 7 presents the key concerns of non-consolidated transport operators in La Union, using a multiple-response format to capture the range of issues influencing their decision not to participate in consolidation under the Public Utility Vehicle Modernization Program (PUVMP). Unlike single-response tables, this approach allows for a more realistic representation of operator perspectives, recognizing that their decisions are shaped by overlapping and interconnected concerns rather than a single dominant factor. When these quantitative results are integrated with the interview responses gathered through personal and online interviews, a deeper and more grounded understanding of non-participation emerges. This multidimensional approach is consistent with recent transport studies emphasizing that stakeholder decisions in reform contexts are influenced by complex, interrelated socioeconomic factors (World Bank, 2022; Asian Development Bank, 2021).

Table 7. Key Concerns of Non-Consolidated Operators (Multiple Response)

Concern	Frequency (n)	Percentage (%)	Rank
Financial incapacity	4	28.57%	1.5

Fear of debt	4	28.57%	1.5
Prefer independent operation	3	21.43%	3
Insufficient support	2	14.29%	4
Unclear policies	1	7.14%	5
Total	14	100%	

Note: Multiple responses were allowed.

The data show that financial incapacity and fear of debt are the top-ranked concerns, each with a frequency of 4 or 28.57%, sharing the highest rank (1.5). This reinforces earlier findings from Table 4, where financial constraints were identified as the most critical barrier to modernization. However, in this table, the focus is specifically on operators who have chosen not to consolidate, making these concerns more decisive rather than merely influential. Financial barriers remain the most cited obstacle in transport modernization programs across developing economies, particularly where access to credit and subsidy mechanisms is limited (Asian Development Bank, 2021; United Nations Economic and Social Commission for Asia and the Pacific, 2020).

Interview responses clearly illustrate how financial incapacity directly shapes non-participation. One respondent stated, “*Kung may sapat lang sana na tulong pinansyal, baka sumali kami.*” (Participant 11), indicating that willingness to participate exists but is conditional upon access to financial support. This suggests that non-consolidation is not necessarily due to outright rejection of modernization but is instead a reflection of limited economic capacity. Operators are aware of the potential benefits of modernization but are constrained by their inability to meet its financial requirements. This finding aligns with studies highlighting that affordability gaps significantly limit participation in transport reforms, even when stakeholders recognize long-term benefits (World Bank, 2020).

Closely tied to this is the fear of debt, which also ranks highest. This concern goes beyond simple financial limitation and reflects a deeper sense of risk aversion. As one participant explained, “*Ayaw naming malubog sa utang na hindi namin kayang bayaran.*” (Participant 35). This statement echoes earlier interview responses and highlights that operators perceive modernization loans as high-risk obligations. The uncertainty of daily income, combined with the long-term nature of financing arrangements, creates a situation where debt is viewed not as an opportunity for investment but as a potential threat to financial stability. The equal ranking of financial incapacity and fear of debt indicates that even if financing options are available, psychological barriers related to risk and uncertainty may still prevent participation. Risk perception has been widely identified as a critical factor influencing adoption of development programs, particularly among informal sector workers (International Labour Organization, 2022; World Bank, 2022).

The third-ranked concern, preference for independent operation (21.43%), reflects resistance to organizational restructuring, particularly the shift from individual ownership to cooperative-based systems. This finding aligns with earlier discussions in Table 6 regarding discomfort with surrendering control. Interview responses further clarify this preference, as one operator stated, “*Mas gusto ko pa ring independent kaysa pumasok sa hindi ko sigurado.*” (Participant 23). This highlights that independence is not only a matter of habit but also a strategic choice based on perceived risks associated with collective arrangements. Operators may associate independence with greater control over income and decision-making, while cooperatives are perceived as uncertain or potentially disadvantageous. Similar resistance has been observed in cooperative transitions globally, where loss of autonomy is a key deterrent to participation (International Transport Forum, 2021).

The concern regarding insufficient support (14.29%) further contextualizes non-participation as a response to perceived gaps in program implementation. One respondent remarked, “*Parang kulang ang tulong na ibinibigay sa amin.*” (Participant 16), suggesting that existing support mechanisms—whether financial, technical, or institutional—are not adequate to meet the needs of operators. This perception of limited support reinforces both financial and organizational concerns, as operators may feel that they are being required to comply with complex reforms without sufficient assistance. Adequate institutional support has been consistently identified as a critical success factor in transport modernization efforts (Asian Development Bank, 2021; International Labour Organization, 2022).

Finally, unclear policies (7.14%) rank lowest in frequency but remain significant in understanding the broader context of non-consolidation. As one participant explained, “*Hindi namin masyadong naintindihan ang mga patakaran.*” (Participant 5). This indicates that informational gaps and lack of effective communication also play a role in shaping operator decisions. Even if financial and organizational barriers were addressed, unclear guidelines and policies could still hinder participation by creating uncertainty and confusion. Policy clarity and effective communication are widely emphasized as essential components of successful reform implementation (United Nations Economic and Social Commission for Asia and the Pacific, 2020).

When these concerns are analyzed collectively, it becomes evident that non-consolidation is not a result of simple resistance or unwillingness to change. These factors are interconnected; it is a rational and calculated decision based on a combination of financial limitations, risk perception, desire for autonomy, perceived lack of support, and insufficient understanding of policy requirements. This supports broader findings that stakeholder resistance in transport reforms is often rooted in risk perception, institutional trust, and financial vulnerability (World Bank, 2022; Asian Development Bank, 2021).

Moreover, the multiple-response nature of the data highlights that operators often experience several of these concerns simultaneously. For instance, an operator who lacks financial capacity may also fear debt, prefer independence, and feel unsupported by the government. This layered experience underscores the complexity of the consolidation process and the need for comprehensive interventions that address multiple dimensions of the problem rather than isolated issues. Such multidimensional challenges are commonly observed in large-scale policy transitions, where overlapping constraints shape stakeholder behavior (World Bank, 2022).

These findings are consistent with observations from the Department of Transportation and the Land Transportation Franchising and Regulatory Board, which have noted that financial constraints, institutional trust issues, and communication gaps continue to hinder the implementation of the PUVMP. Similarly, international institutions such as the World Bank and the Asian Development Bank emphasize that policy reforms in developing contexts must be aligned with the capacities, perceptions, and realities of stakeholders to ensure effective adoption.

In sum, Table 8 provides a focused and in-depth view of the concerns of non-consolidated operators, revealing that their decisions are grounded in practical realities and perceived risks. The integration of statistical data and interview responses demonstrates that addressing non-participation requires not only financial assistance but also trust-building measures, clearer policy communication, and more responsive support systems that directly address the multifaceted concerns of transport operators.

Perceived Issues on Modernization

Table 8 presents the perceived issues on modernization among transport operators in La Union, focusing on how these perceptions influence their acceptance of and compliance with the Public Utility Vehicle Modernization Program (PUVMP). The table reflects a range of responses from “Agree” to “Neutral,” indicating that while operators recognize the intent and necessity of modernization, significant concerns remain regarding its implementation. When these quantitative results are integrated with interview responses gathered through both personal and online interactions, a more comprehensive understanding of operator perceptions emerges—one that highlights not only awareness of the program but also apprehension toward its execution.

The indicator “The consolidation requirement threatens my current livelihood” obtained a mean score of 3.56 (Agree), suggesting that many operators perceive modernization as a direct risk to their economic stability. This perception is strongly supported by interview responses that reflect anxiety over potential job displacement and income loss. One participant expressed, “*Baka mawalan kami ng trabaho kapag hindi kami naka-comply.*” (Participant 18), illustrating a fear that non-compliance could result in exclusion from the transport system altogether. This concern is closely tied to earlier findings on financial constraints and operational disruptions, as operators recognize that failure to meet modernization requirements—whether due to lack of capital or difficulty adapting—could ultimately jeopardize their livelihood. Thus, modernization is not only viewed as a policy reform but also as a potential threat to economic survival.

The issue of *implementation timelines*, which recorded a mean of 3.89 (Agree), further reinforces the perception that operators are being pressured to comply without adequate preparation. Interview responses clearly reflect this sentiment, with one respondent stating, “*Parang minamadali ang modernization.*” (Participant 9), and another explaining, “*Hindi pa kami handa, pero kailangan na agad sumunod.*” (Participant 16).

Table 8. Perceived Issues on Modernization

Indicators	Mean	Descriptive Equivalent
The consolidation requirement threatens my current livelihood.	3.56	Agree
The timeline for modernization implementation is too short.	3.89	Agree
Penalties for non-compliance are too severe.	3.33	Agree
Government communication is unclear.	3.33	Neutral
The program favors large operators.	3.22	Neutral

These statements suggest that the pace of implementation does not align with the readiness of operators, particularly in terms of financial capacity, organizational adjustment, and technical preparedness. The perceived urgency of compliance adds pressure to already constrained operators, amplifying resistance and anxiety. When viewed alongside earlier findings, it becomes evident that compressed timelines intensify existing barriers rather than facilitate smoother transitions.

The perception that *penalties for non-compliance are too severe* yielded a mean score of 3.33 (Agree), indicating that sanctions are viewed as burdensome by many respondents. This is echoed in interview responses such as, “*Masyadong mabigat ang penalties para sa hindi makasunod.*” (Participant 28). This perception contributes to a sense of coercion rather than encouragement, where operators feel compelled to comply under threat of punishment rather than supported through incentives or assistance. The severity of penalties, when combined with financial incapacity and operational challenges, creates a situation where operators may feel trapped—unable to comply due to constraints, yet penalized for non-compliance. This dynamic further complicates the overall perception of the program.

In contrast, the indicators related to *government communication* (mean = 3.33, Neutral) and *perceived favoritism toward large operators* (mean = 3.22, Neutral) reflect more varied responses among participants. While these issues are not as strongly agreed upon as others, interview data reveal that they remain important concerns for a segment of operators. For instance, one participant noted, “*May impormasyon naman, pero hindi malinaw lahat.*” (Participant 7), indicating that while communication efforts exist, they may lack clarity or completeness. This suggests that information dissemination may not be sufficiently tailored to the needs and comprehension levels of operators, leading to gaps in understanding.

Similarly, perceptions of fairness in program implementation are reflected in statements such as, “*Mas pabor ito sa malalaking operator.*” (Participant 12). This indicates a belief among some respondents that the program disproportionately benefits those with greater financial resources and organizational capacity. While the neutral mean suggests that this perception is not universally held, its presence points to underlying concerns about equity and inclusiveness. Operators who feel disadvantaged may be less likely to participate, particularly if they perceive the system as inherently biased.

When these indicators are analyzed collectively, Table 9 reveals that operator perceptions of modernization are shaped by a combination of livelihood concerns, implementation challenges, perceived coercion, and questions of clarity and fairness. These perceptions are not isolated; rather, they are closely linked to the structural issues identified in earlier tables. For example, financial constraints make strict timelines more difficult to meet; operational disruptions heighten fears of livelihood loss; and organizational challenges influence perceptions of fairness and inclusivity. This gap between policy design and implementation reflects common challenges in large-scale transport reforms, particularly in developing contexts (World Bank, 2022).

The integration of interview responses further demonstrates that operators do not necessarily reject modernization as a concept. Instead, their concerns are largely centered on *how* the program is implemented. The acknowledgment of modernization as necessary, coupled with dissatisfaction regarding its execution, suggests a gap between policy design and on-the-ground realities. Operators appear to be more receptive to the goals of modernization—such as improved efficiency and service quality—but remain hesitant due to the risks and uncertainties associated with compliance.

These findings are consistent with observations from the Department of Transportation (2020) and the Land Transportation Franchising and Regulatory Board (2021), which have identified implementation challenges, communication gaps, and stakeholder concerns as key issues affecting the progress of the PUVMP. Similarly, international institutions such as the World Bank and the Asian Development Bank emphasize that stakeholder perception plays a critical role in the success of policy reforms, particularly in sectors where livelihoods are directly affected.

In summary, Table 9 underscores that perceptions of modernization significantly influence operator behavior. While there is general recognition of the program’s necessity, concerns about timelines, livelihood security, penalties, communication, and fairness create hesitation and resistance. The integration of quantitative data and qualitative insights highlights the importance of aligning implementation strategies with the capacities, expectations, and realities of transport operators to ensure more effective and inclusive modernization efforts.

Policy Alternatives and Recommendations

Table 9 presents the proposed policy alternatives identified by transport operators in La Union, reflecting their recommended adjustments to improve the implementation of the Public Utility Vehicle Modernization Program (PUVMP). All indicators fall within the “Agree” to “Strongly Agree” range, indicating a clear and unified call for reforms that are more responsive to the financial, operational, and organizational realities previously discussed in Tables 2 to 8. When these quantitative results are integrated with interview responses gathered through personal and online engagements, it becomes evident that operators are not opposing modernization itself but are instead advocating for a more inclusive, flexible, and supportive policy framework. This perspective aligns with studies emphasizing that stakeholder-centered and adaptive policy design is critical to the success of transport reforms (World Bank, 2020; Asian Development Bank, 2021).

The strongest level of agreement is observed in the provision of governance and management training (mean = 4.30, Strongly Agree). This reflects a recognition among operators that beyond financial assistance, there is a critical need for capacity-building to successfully transition into consolidated and modernized systems.

Table 9. Proposed Policy Alternatives

Indicators	Mean	Descriptive Equivalent
Government subsidies should be adjusted based on route profitability.	4.12	Agree
Government should act as a loan guarantor.	3.80	Agree
Phased consolidation should be allowed.	3.85	Agree
Hybrid model should be considered.	3.55	Agree
Longer transition periods should be provided.	3.70	Agree
Governance and management training should be provided.	4.30	Strongly Agree
Flexible financing options should replace uniform loan structures.	4.08	Agree

Interview responses strongly reinforce this finding. One participant emphasized, “*Kailangan namin ng training para maintindihan ang sistema.*” (Participant 5), while another noted, “*Kung may proper guidance, mas madali naming matatanggap ang pagbabago.*” (Participant 33).

These statements highlight that resistance to modernization is partly rooted in unfamiliarity with new systems and processes. Training is therefore perceived not only as a support mechanism but as a bridge that can reduce uncertainty, build confidence, and facilitate smoother adaptation to organizational and operational changes. Capacity-building has been consistently identified as a key factor in improving compliance and implementation outcomes in transport modernization programs (International Labour Organization, 2022; World Bank, 2020).

Closely related to this is the strong agreement on flexible financing options replacing uniform loan structures (mean = 4.08, Agree). This aligns with earlier findings on financial constraints, where standardized loan schemes were viewed as incompatible with the varying income levels and capacities of operators. Interview responses underscore the importance of tailoring financial mechanisms to actual conditions. For instance, one respondent stated, “*Kung may mas mababang interest, mas marami ang sasali.*” (Participant 28), suggesting that affordability directly influences participation. Another added, “*Malaking tulong kung may subsidy na sapat.*” (Participant 19), pointing to the need for more substantial and accessible financial support. These insights indicate that operators are more likely to engage in modernization if financing schemes are designed to accommodate income variability and reduce financial risk. Flexible financing mechanisms have been widely recommended to address affordability barriers in developing-country transport reforms (Asian Development Bank, 2021; United Nations Economic and Social Commission for Asia and the Pacific, 2020).

The indicator on government subsidies adjusted based on route profitability (mean = 4.12, Agree) further reflects the need for context-sensitive financial support. This suggests that operators recognize differences in earning potential across routes and are advocating for subsidy structures that account for these disparities. A uniform subsidy system may not adequately support operators in less profitable routes, thereby creating inequities in program implementation. This recommendation demonstrates a nuanced understanding among operators of how policy design can either enable or hinder participation. Differentiated subsidy approaches have been emphasized in recent literature as a way to improve equity and program effectiveness (World Bank, 2020; Asian Development Bank, 2021).

The proposal for government acting as a loan guarantor (mean = 3.80, Agree) also highlights the importance of institutional support in reducing financial barriers. Acting as a guarantor would mitigate the risks associated with

borrowing and potentially improve access to credit for operators who lack collateral. This recommendation is closely linked to the earlier-identified fear of indebtedness, as it provides a mechanism for reducing both financial and psychological barriers to loan uptake. Credit guarantee schemes have been identified as effective tools for improving access to financing among small-scale operators (Asian Development Bank, 2021; World Bank, 2020).

In terms of implementation strategies, respondents expressed strong support for phased consolidation (mean = 3.85, Agree) and longer transition periods (mean = 3.70, Agree). These findings directly correspond with interview responses that emphasize the need for gradual change. One participant explained, “*Mas maganda kung dahan-dahan ang transition.*” (Participant 14), while another suggested, “*Pwede sanang may option kung hindi pa kaya mag-full modernization.*” (Participant 21). These statements indicate that operators prefer a step-by-step approach that allows them to adjust over time rather than being required to comply immediately with all program requirements. A phased approach would reduce pressure, allow for incremental adaptation, and provide opportunities for learning and adjustment. Gradual implementation has been widely recognized as essential in minimizing disruption and increasing stakeholder acceptance (International Transport Forum, 2021; World Bank, 2020).

The support for a hybrid model (mean = 3.55, Agree) further reinforces this preference for flexibility. A hybrid system—where traditional and modernized units coexist during the transition period—would enable operators to maintain their livelihood while gradually moving toward full modernization. This approach acknowledges the practical limitations faced by operators and offers a more realistic pathway toward compliance. Hybrid transition approaches have been suggested in policy discussions as a way to balance reform goals with socioeconomic realities (United Nations Economic and Social Commission for Asia and the Pacific, 2020).

When analyzed collectively, the proposed policy alternatives in Table 10 reveal a coherent and interconnected set of recommendations. Financial support mechanisms (such as subsidies, loan guarantees, and flexible financing) address the economic barriers identified in earlier tables. Capacity-building initiatives (such as governance and management training) respond to the organizational and technical challenges associated with consolidation. Meanwhile, flexible implementation strategies (such as phased consolidation, hybrid models, and extended timelines) aim to mitigate operational disruptions and reduce resistance to change. These recommendations reflect best practices in transport policy reform emphasizing inclusivity, phased implementation, and stakeholder-centered approaches (Asian Development Bank, 2021; World Bank, 2020).

The integration of interview responses further demonstrates that these recommendations are grounded in actual experiences and practical needs. Operators are not merely expressing abstract preferences but are articulating solutions based on the challenges they encounter in their daily operations. Their suggestions reflect a desire for a modernization program that is not only effective in achieving policy goals but also equitable and responsive to stakeholder realities.

These findings are consistent with the policy directions emphasized by the Department of Transportation (2020) and the Land Transportation Franchising and Regulatory Board (2021), which have recognized the need for enhanced financial assistance, capacity-building programs, and flexible implementation strategies to improve PUVMP adoption. Similarly, international institutions such as the World Bank and the Asian Development Bank highlight that successful transport reforms require a balanced approach that integrates financial viability, institutional capacity, and stakeholder engagement.

Overall, Table 9 underscores that transport operators in La Union are not opposed to modernization but are advocating for reforms that align with their actual capacities and conditions. The strong support for training, financial assistance, and flexible implementation reflects a clear and constructive direction for policy improvement—one that prioritizes inclusivity, sustainability, and practical feasibility in the modernization process.

Overall, the expanded discussion demonstrates that the challenges in PUV modernization are interconnected across financial, operational, organizational, and perceptual dimensions. The integration of interview statements provides a grounded understanding of these issues, emphasizing that successful implementation depends on responsive, inclusive, and context-sensitive policy design, consistent with contemporary transport reform literature (World Bank, 2022; Asian Development Bank, 2021).

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

This study examined the status of the consolidation process and the challenges encountered by Transport Service Entities (TSEs) under the Public Transport Modernization Program (PTMP) in La Union. Specifically, it aimed to: (1) describe the profile of transport service operators, (2) identify the challenges encountered in the consolidation process, (3) determine the key concerns of non-consolidated operators, and (4) propose policy recommendations to improve the effectiveness and efficiency of the program.

Data were collected from forty (40) Public Utility Vehicle (PUV) operators and drivers using a structured survey questionnaire and open-ended responses. Quantitative data were analyzed using frequency, percentage, and weighted mean, while qualitative data were examined through thematic analysis.

The following were the salient findings of the study:

1. The transport sector in La Union remained overwhelmingly traditional and small-scale, with 95% of operators using traditional jeepneys and earning subsistence-level incomes that limit their capacity for modernization.
2. Operators faced a "triple threat" of barriers: high financial risk and fear of debt, operational disruptions to their daily income, and deep-seated distrust in the management transparency of cooperatives.
3. Operators who had not consolidated were held back by a decisive lack of capital and a fear of losing individual control to complex, unfamiliar organizational structures.
4. To address these challenges while aligning with the Public Transport Modernization Program (PTMP), the study proposed a holistic and inclusive policy framework. Key interventions included the development of flexible, low-interest financing schemes and higher government subsidies specifically targeted at single-unit owners to mitigate the fear of debt. These interventions aimed to transform modernization from a perceived threat into a sustainable opportunity for all stakeholders.

CONCLUSIONS

1. The study concluded that without much higher subsidies or easier loan terms, most small-scale operators will remain stuck in the traditional system simply because they cannot afford to change.
2. Public utility vehicle (PUV) operators faced significant challenges in the consolidation process, particularly in terms of financial constraints, operational disruptions, and resistance to organizational restructuring. These challenges collectively hindered participation and delay the implementation of modernization efforts.
3. The primary concerns of non-consolidated operators were financial incapacity and fear of indebtedness. These were accompanied by a preference for independent operations, insufficient government support, and unclear policy guidelines. These concerns indicate that non-participation is largely influenced by economic limitations, uncertainty, and lack of institutional trust rather than mere resistance to change.

4. The effectiveness and efficiency of the PTMP were constrained by a mismatch between policy requirements and the actual capacity of stakeholders. Addressing these gaps requires comprehensive and responsive interventions, including financial assistance, capacity-building, flexible implementation strategies, improved governance, and strengthened policy communication. Without these, full program adoption and sustainability may remain limited.

RECOMMENDATIONS

1. Policymakers and implementing agencies should design context-specific interventions that reflect the realities of small-scale and fragmented transport operators. Programs must consider operators' financial capacity, operational experience, and existing livelihood conditions to ensure inclusivity and practicality.
2. Flexible and supportive approach under the Public Transport Modernization Program (PTMP) should be adopted by providing accessible financing, phased implementation, and continuous technical support to reduce financial burdens and ease the transition of operators.
3. Financial and informational barriers must be addressed by offering targeted subsidies, flexible repayment schemes, hybrid models, and clear policy communication to reduce uncertainty and encourage participation in the Public Transport Modernization Program (PTMP).
4. The effectiveness of the Public Transport Modernization Program (PTMP) must be enhanced through stronger governance, stakeholder participation, extended timelines, livelihood support, and multi-sector partnerships to ensure a sustainable and inclusive transport system.

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