

IMPORTERS' PERCEPTIONS ON CUSTOMS BROKERS' PROFESSIONAL SERVICE AND COST EFFICIENCY

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A Thesis Presented to the Faculty of the
Institute of Graduate and Professional Studies
LYCEUM-NORTHWESTERN UNIVERSITY
Dagupan City

In Partial Fulfillment
of the Requirements for the Degree
MASTER IN BUSINESS ADMINISTRATION

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ABSTRACT: This study investigates the perceptions of importers in Clark, Pampanga, regarding the professional service quality and cost efficiency of customs brokers. Anchored on the SERVQUAL model, the research examines five key service dimensions—reliability, responsiveness, assurance, empathy, and tangibility—and their influence on perceived cost efficiency, focusing on pricing transparency and service value. Using a descriptive-quantitative design, the study surveyed 115 importers selected through simple random sampling. Data were gathered through a validated Likert-scale questionnaire and analyzed using descriptive statistics and Chi-square tests. Findings reveal that customs brokers are generally viewed positively across all five service dimensions, particularly in responsiveness and reliability. However, challenges remain in areas such as communication, consistency of service, and billing transparency. Importers frequently cited issues such as hidden charges, delays in documentation, and non-compliance with customs procedures as persistent concerns. The study concludes that enhancing professional standards, improving communication, and ensuring pricing clarity are essential for improving the overall customs brokerage experience. Recommendations include regular broker training, implementation of digital service systems, and more client-focused service delivery to meet the evolving needs of importers and improve trade efficiency in Clark, Pampanga.



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APPROVAL SHEET

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CERTIFICATION OF ADMISSION OF THE CANDIDACY FOR THE MASTER IN BUSINESS ADMINISTRATION

This is to certify that **HAZEL JOY K. TALINIO** passed the Comprehensive Examination and was admitted to candidacy for the degree of **Master in Business Administration** as of _____ (Semester) Academic Year _____.

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CHAPTER 1

THE PROBLEM

Rationale

The global trading system has become increasingly intricate, driven by the rapid pace of globalization, evolving regulatory environments, and the constant demand for efficiency and transparency in the movement of goods. Across different economies, importers rely heavily on customs brokers to navigate the complexities of international trade, ensuring that shipments comply with the diverse and sometimes challenging customs laws of various countries (Zameer, Nasir, & Ali, 2024). Customs brokerage services serve as a critical link between businesses and government regulations, influencing not only the speed and success of import transactions but also the cost structures involved in the entire process. As trade volumes continue to grow worldwide, concerns about the quality of professional services and the escalating costs associated with customs brokerage have become more pronounced (Longcha, 2024).

In many countries, the role of customs brokers has expanded beyond mere compliance facilitation to include advisory services on trade regulations, tariff classifications, and optimization of logistics strategies. However, with this expanded role comes a significant variation in the level of service quality and cost efficiency experienced by importers (Qaffazi,



2020). Studies conducted across major trading hubs such as Singapore, Hong Kong, and the United States have highlighted that discrepancies in service delivery often stem from factors such as broker expertise, communication effectiveness, transparency of fees, and responsiveness to client needs.

These concerns have prompted a growing interest in understanding importers' perspectives, particularly regarding whether the services they receive align with the costs they incur (Tuncer, 2021). In the Southeast Asian region, where cross-border trade is a vital economic driver, the efficient facilitation of goods movement is paramount. The Philippines, as part of this regional ecosystem, has seen a significant rise in trade activities over the past decades. With its strategic location, developing infrastructure, and expanding economic zones, the country has positioned itself as an important logistics hub. Yet, despite these advancements, importers still face numerous challenges when dealing with customs brokers (Wei, Li, Zha, & Ma, 2019). Issues related to delayed clearances, lack of proactive communication, and perceived inconsistencies in service charges continue to surface, suggesting a potential gap between the expected and actual professional standards of customs brokerage services.

Specifically, the economic zones in the country, such as Clark Freeport and Special Economic Zone in Pampanga, play a critical role in supporting both local and international trade. Clark, in particular, has attracted a wide



array of importers ranging from multinational corporations to small and medium enterprises due to its strategic advantages (Xiao, Zhang, Shao, Gao, & Xu, 2022). The presence of well-developed infrastructure and the proximity to Manila have further positioned Clark as a preferred location for trade-related activities. However, the operational experiences of importers within Clark, especially concerning the professionalism and cost efficiency of customs brokers, remain underexplored in academic and industry research.

Importers operating in Clark, Pampanga encounter varying experiences when engaging with customs brokers. Some report satisfaction with swift clearances and transparent service fees, while others express frustrations over hidden charges, lack of real-time updates, and difficulties in understanding the breakdown of costs. Such divergent experiences raise important questions about the consistency and reliability of brokerage services in this area (Chang, Chen, & Wu, 2019). Furthermore, since customs brokers are instrumental in ensuring smooth logistics operations, any inefficiencies or misunderstandings can lead to costly delays, increased operational expenses, and even strained business relationships.

Moreover, the cost efficiency of customs brokers is a major concern for businesses seeking to maintain competitiveness in the global market. Importers are increasingly scrutinizing the value they receive from brokerage services relative to the costs they pay. High service fees that are



not matched by equivalent value delivery can erode the profitability of import operations (Vu, Grant, & Menachof, 2020). In a trading environment where margins are often tight, every peso spent must translate into clear operational benefits. Hence, there is a need to explore whether importers in Clark perceive customs brokers as providing not only competent and compliant services but also delivering those services at a reasonable and justifiable cost.

While customs brokers themselves face their own operational challenges, such as regulatory updates and administrative burdens, the perspectives and experiences of the importers they serve are equally crucial (Mawson & Kasem, 2019). Understanding these client-side experiences can provide valuable insights into areas where improvements are needed and can guide both regulatory bodies and brokerage firms toward enhancing service delivery standards. Furthermore, in a setting like Clark, where the volume of trade is expected to grow, building trust between importers and customs brokers is essential for sustaining long-term economic activity.

The need to examine importers' experiences and perceptions becomes even more urgent as the Philippine government pushes for the digitalization of customs processes through initiatives such as the Electronic-to-Mobile (E2M) system. While digitalization aims to streamline transactions, the human element—represented largely by customs



brokers—continues to be pivotal in ensuring seamless interpretation and compliance with regulations.

It remains important to assess whether the move toward modernization is being complemented by improved service quality and greater cost transparency on the ground in Clark. Thus, this study seeks to fill the gap by exploring and analyzing the experiences and perceptions of importers operating within Clark, Pampanga regarding the professional service and cost efficiency of customs brokers. Through a closer examination of their firsthand accounts, this research aims to identify prevailing issues, successes, and opportunities for improvement in the customs brokerage sector.

Ultimately, the findings of this study intend to contribute to enhancing service quality, strengthening business relationships, and informing policy or strategic decisions among stakeholders in the local trade and logistics industry.

Customs Brokerage Services

Customs brokerage services play an essential role in international trade, acting as intermediaries between importers, exporters, and government customs authorities. These services ensure that goods crossing borders comply with the legal and regulatory requirements set by each country. Customs brokers are licensed professionals who specialize in preparing and submitting documentation required to facilitate the



clearance of shipments (Medin, 2021). Their expertise helps importers avoid costly delays, penalties, and confiscations. As the global trading environment becomes increasingly complex, the importance of skilled customs brokers continues to rise, ensuring the smooth flow of goods through legal channels.

The core functions of customs brokerage involve a range of activities, from determining the proper classification and valuation of goods to advising clients on the latest trade regulations and compliance strategies. Brokers ensure that duties, taxes, and tariffs are correctly assessed and paid, thereby minimizing the financial risks associated with cross-border transactions (Vaught, 2024). Additionally, many brokers offer expanded services such as trade consulting, cargo insurance arrangements, and supply chain optimization.

The ability of customs brokers to efficiently manage these intricate processes directly impacts the success and profitability of businesses involved in importing and exporting goods.

Over time, the field of customs brokerage has evolved to address the changing needs of international trade. With technological advancements and the increasing automation of customs procedures, brokers must now be adept not only at traditional paperwork but also at navigating digital systems such as electronic data interchange (EDI) and automated customs clearance platforms (Clark & Bernard, 2022).



This evolution has introduced new demands for professionalism, technical knowledge, and adaptability among customs brokers. Importers today expect brokers to be more than just facilitators; they expect them to be strategic partners who add value by streamlining logistics, reducing costs, and providing actionable insights into international market dynamics. Despite the critical role customs brokers play, the industry is not without its challenges.

One persistent concern among importers is the variability in service quality and cost efficiency. Some brokers provide highly professional, timely, and transparent services, while others may fall short, leading to frustrations and financial setbacks for their clients (Shivani, 2019). Issues such as lack of proactive communication, hidden charges, delayed clearances, and insufficient knowledge of new regulations are among the common complaints. As a result, businesses increasingly seek to work with brokers who demonstrate high standards of service delivery, ethical practices, and cost transparency (Elliot & Bonsignori, 2019). The cost of customs brokerage services has also become a significant point of concern for importers.

While efficient service can reduce overall logistics costs and time-to-market, excessive or unclear brokerage fees can undermine the competitiveness of a business. Factors influencing brokerage fees include the complexity of the shipment, the value and classification of goods, and



the destination country's regulatory environment (Yereshko & Khoma, 2024). Nevertheless, there is often a perception among importers that some brokers impose charges that are disproportionate to the services rendered. Understanding these perceptions is vital for improving industry standards and ensuring that brokerage services genuinely contribute to economic efficiency.

In the Philippine context, customs brokerage services are governed by specific laws and regulations under the supervision of agencies like the Bureau of Customs. Licensed customs brokers must meet educational, professional, and ethical standards, which are intended to protect the interests of importers and the general public (Veenstra & Hejimann, 2023).

However, as trade activities grow more sophisticated, particularly in economic zones like Clark, Pampanga, the need to assess and enhance the quality and efficiency of customs brokerage services becomes increasingly important (Gwardzinska, 2019). The competitive pressure on businesses operating within these zones requires brokerage services that are not only compliant but also proactive, reliable, and cost-effective.

Clark Freeport and Special Economic Zone has emerged as a vital hub for trade and investment in the Philippines, making it a strategic area to study importers' experiences with customs brokerage services. The importers operating in Clark are diverse, including multinational companies, SMEs, and startups, each with distinct expectations and needs. Their



perceptions of brokerage services—whether positive or negative—can provide critical insights into the strengths and gaps in the current system.

Exploring these experiences will help identify specific factors that contribute to satisfaction or dissatisfaction, thus offering valuable information for customs brokers, regulatory bodies, and importers themselves. By examining customs brokerage services through the lens of importers' experiences and perceptions, the study aims to provide a deeper understanding of the professional service quality and cost efficiency that importers encounter.

This focus is not only relevant to enhancing business competitiveness but also to fostering a more transparent, efficient, and responsive customs environment within Clark, Pampanga. Ultimately, insights from this study could contribute to the broader goal of strengthening the Philippine trade facilitation system, aligning it with global best practices, and supporting sustainable economic development.

Importers' Perceptions

Importers' perceptions is critical indicator of the effectiveness and value of customs brokerage services. In the field of international trade, where speed, accuracy, and cost control are paramount, importers constantly evaluate the service providers they work with based on their personal and professional experiences (Skarmeas, Zeriti, & Argouslidis, 2019). These perceptions influence future decisions about which customs



brokers to engage and whether to continue or terminate partnerships. Understanding importers' views provides deep insight into the strengths and weaknesses of customs brokerage services, offering a client-centered perspective that is essential for service improvement.

Perception is shaped by various factors such as service efficiency, transparency in communication, responsiveness to queries and issues, adherence to promised timelines, and overall professionalism. Positive experiences often stem from seamless transactions where brokers handle documentation accurately, clear shipments without delays, and maintain open communication throughout the process (Choquette, 2019).

Conversely, negative experiences, such as hidden charges, misclassification of goods, regulatory non-compliance, or poor customer service, significantly damage importers' trust and satisfaction. These experiences, whether favorable or unfavorable, play a major role in defining the reputations of customs brokers within the industry (Sraha, Sharma, Crick, & Crick, 2020).

The expectations of importers have evolved over time, especially as trade processes become more digital and fast-paced. Modern importers value brokers who offer not only regulatory expertise but also technological capabilities, such as real-time shipment tracking and electronic document processing (Adorjan & Ricciardelli, 2021). Experiences that involve efficient use of technology are typically rated higher, as they contribute to faster



transaction times and better visibility over supply chains. Importers' perception of service quality, therefore, is no longer based solely on the broker's knowledge of customs laws but also on their ability to integrate innovation into their service delivery (Varpio & Martimianakis, 2022).

Furthermore, the cost efficiency of brokerage services heavily influences importers' experiences. Importers assess not just the upfront fees charged by brokers but also the hidden costs associated with delays, penalties, or inefficiencies.

A service that initially appears inexpensive but leads to shipment delays or compliance issues may ultimately cost more than a premium service that guarantees smooth transactions (Sharp, Hemmings, & Kay, 2019). As a result, importers' experiences encompass a holistic evaluation of value for money, where cost is weighed alongside service quality, communication effectiveness, and the overall ease of doing business. The nature of the importer-broker relationship also plays a significant role in shaping perceptions. Brokers who build strong professional relationships based on trust, transparency, and continuous support tend to generate higher levels of satisfaction among their clients (Harig, 2019).

Personalized service, attention to specific client needs, and proactive problem-solving significantly enhance importers' experiences. On the other hand, brokers who treat clients transactionally, without investing in



relationship management, are more likely to be perceived as unreliable or replaceable in a competitive market.

Importers' feedback, both formal and informal, often drives service improvements and innovations among customs brokers. In an increasingly competitive environment, brokers who actively seek and act on importer feedback are better positioned to retain clients and enhance their market standing (Yuan & Stapleton, 2020). Experiences shared by importers, whether through industry reviews, word-of-mouth, or trade forums, contribute to a collective understanding of service standards within the customs brokerage industry. Therefore, capturing and analyzing these experiences provides valuable data for improving service delivery and aligning with importer expectations.

In the context of Clark, Pampanga, where the economic zone is rapidly growing as a logistics and trade hub, understanding importers' perceptions and experiences becomes even more critical. As businesses flock to Clark for its strategic advantages, the competition among customs brokers intensifies (Kantono, Hamid, Ma, Chadha, & Oey, 2021).

Importers operating within Clark have specific expectations regarding efficiency, affordability, and compliance support, making their feedback particularly valuable for brokers aiming to differentiate themselves in the market. Studying their perceptions can reveal localized trends and service gaps that may not be visible through a purely operational analysis. Overall,



investigating importers' perceptions and experiences provides a comprehensive lens through which the true performance of customs brokers can be assessed.

It highlights not just technical competence but also client relationship management, communication practices, and cost transparency. Such insights are indispensable for enhancing service standards, fostering long-term partnerships, and ultimately improving the overall efficiency of international trade operations, particularly in high-potential areas like Clark, Pampanga.

Cost Efficiency in International Trade

Cost efficiency in international trade is a fundamental factor that determines the competitiveness and sustainability of businesses operating across borders. In an increasingly globalized economy, minimizing costs while maintaining or improving service quality has become a strategic priority for companies engaged in importing and exporting goods (Fan, 2021). The ability to achieve cost efficiency directly affects profit margins, pricing strategies, and the overall viability of participating in international markets. As trade volumes expand and supply chains become more complex, the focus on controlling costs without sacrificing service performance is more critical than ever.

Achieving cost efficiency in international trade requires careful management of numerous interconnected activities, including



transportation, warehousing, customs clearance, duties and taxes, insurance, and compliance with regulatory requirements. Each step in the process presents opportunities for either cost savings or cost overruns. Customs brokerage, in particular, plays a central role because mistakes or delays during customs clearance can lead to significant financial losses (Aranguiz, Margheri, & Xu, 2021). Thus, the services of customs brokers must be evaluated not only for their professional quality but also for their contribution to keeping overall trade costs under control. Customs brokerage services impact cost efficiency through accurate classification of goods, correct calculation of duties, and timely processing of shipments.

Errors in these areas can result in unnecessary penalties, storage charges due to port delays, or overpayment of duties—all of which negatively affect a company's bottom line (Derindag & Yarygina, 2020). Moreover, brokers who are proactive in advising importers about available duty exemptions, trade agreements, or tariff reductions help businesses capitalize on legitimate savings opportunities. Therefore, a customs broker's expertise and diligence directly influence the financial efficiency of international transactions.

Another aspect of cost efficiency in international trade lies in transparency and predictability of service charges. Importers often express concern when brokerage fees are unclear or when unexpected charges arise after services have been rendered. A lack of transparency complicates



budgeting and can erode trust between importers and brokers (Alleyne, Zhang, & Mu, 2020). Conversely, customs brokers who offer clear, upfront pricing and deliver on agreed-upon terms enhance the importer's ability to forecast expenses accurately, improving financial planning and cash flow management across supply chain operations.

Technological advancements also contribute significantly to cost efficiency. Automated systems, electronic documentation, and real-time shipment tracking help reduce manual errors, speed up processes, and decrease administrative costs. Customs brokers who invest in these technologies not only provide faster service but also help importers save money by avoiding unnecessary delays and labor costs (Akbar, Fan, & Li, 2019).

In today's fast-moving trade environment, importers increasingly prefer brokers who can harness technology to deliver both operational efficiency and cost savings. Market competition further drives the need for cost efficiency in international trade. With many businesses competing on price, even small inefficiencies can lead to lost market share (Li, Chen, & Wang, 2023). Companies operating in trade hubs like Clark, Pampanga, must be particularly vigilant about controlling costs, as they face competition not only from local players but also from regional and global firms. Efficient customs brokerage services become a competitive advantage, helping importers in



Clark maintain lower landed costs and offer more attractive pricing to their end customers.

Importers operating in Clark, Pampanga, expect that customs brokers will not only ensure compliance but also contribute to the broader goal of operational efficiency. Given the region's role as a growing trade and logistics center, cost pressures are especially pronounced, and businesses seek to minimize expenses without compromising on service reliability.

Evaluating customs brokers through the lens of cost efficiency allows importers to make informed choices about partnerships that will sustain their growth and competitiveness in both domestic and international markets.

Ultimately, cost efficiency in international trade is not simply about choosing the cheapest service providers but about maximizing value across all aspects of the import process. Customs brokers are expected to deliver strategic benefits that extend beyond basic compliance, supporting importers in achieving faster clearances, reducing unnecessary expenditures, and enhancing supply chain resilience.

By examining how customs brokerage services affect cost efficiency, particularly from the perspective of importers within Clark, Pampanga, this study seeks to highlight best practices and identify areas for improvement that will strengthen trade operations and business performance.



Professional service quality is a critical determinant of customer satisfaction and loyalty in the customs brokerage industry. In the context of international trade, where accuracy, timeliness, and compliance are non-negotiable, the professionalism demonstrated by customs brokers can make or break an importer's supply chain operations (Ramya & Kowsalya, 2019). High professional service quality ensures that transactions are handled efficiently, risks are minimized, and the client's business interests are protected.

Given the complexity of customs regulations and the pressure of global competition, importers place great value on brokers who consistently deliver professional, reliable, and knowledgeable service.

Professional service quality in customs brokerage is often reflected through a broker's technical expertise, communication skills, responsiveness, and ethical conduct. Brokers must have up-to-date knowledge of international trade laws, customs codes, and regulatory changes to accurately classify goods, calculate duties, and ensure compliance (Akdere, Top, & Tekingunduz, 2020).

Beyond technical knowledge, professional service also entails effective and clear communication with importers regarding the status of shipments, regulatory requirements, and potential issues. Responsiveness to client inquiries and proactive updates about shipment progress are hallmarks of high-quality service that importers appreciate and seek. One of



the key aspects of professional service quality is reliability (Loan, 2023). Importers rely heavily on brokers to ensure that shipments are cleared quickly and correctly, avoiding costly delays and penalties. When brokers deliver on their promises, consistently meet deadlines, and solve problems proactively, they build trust and long-term partnerships with their clients. On the other hand, a lack of professionalism—evident in missed deadlines, poor document handling, or disregard for client concerns—can damage the broker's reputation and lead to loss of business.

Ethical behavior also constitutes a major dimension of professional service quality (Lynton, 2023). In an industry vulnerable to practices like under-declaration of goods or misclassification to evade duties, a truly professional customs broker upholds ethical standards and encourages compliance with all applicable laws. Importers highly value brokers who act with integrity, even when pressured to cut corners. Ethical service protects not only the reputation of the importer but also ensures long-term business viability by avoiding legal issues, fines, and bans.

The perception of professional service quality is further influenced by a broker's ability to personalize services based on the specific needs of different clients. Some importers may require detailed consultancy on trade regulations, while others might prioritize fast clearance for perishable goods. Brokers who listen to client needs, offer customized solutions, and remain flexible in their approach tend to be rated more highly in terms of service



quality (Muharam & Chaniago, 2021). Tailoring services shows commitment to client success rather than just completing transactions. Training and continuous professional development among customs brokers are also vital to maintaining high service quality. As trade regulations and technologies evolve, brokers must keep their knowledge and skills updated to meet new demands (Wang, Ou, & Chen, 2019). Ongoing learning ensures that brokers remain competitive and capable of offering top-tier service. Importers notice the difference between brokers who invest in professional growth and those who operate with outdated practices, and they make their choices accordingly.

Technology adoption is another indicator of professional service quality. Brokers who use modern systems for electronic filing, shipment tracking, and data management provide more efficient, transparent, and reliable service. Technology enhances accuracy, reduces human error, and enables real-time communication, all of which contribute to better importer experiences.

In contrast, brokers who fail to leverage technology may be perceived as less professional and less capable of handling the demands of modern international trade. Ultimately, professional service quality in customs brokerage is not just about completing transactions but about building long-term, value-driven relationships with importers. High service quality leads to greater client satisfaction, repeat business, and positive referrals, while poor



service drives importers to seek alternatives. In a competitive trade environment like Clark, Pampanga, where importers have many choices, the professionalism of customs brokers will continue to be a decisive factor in shaping their reputation and success.

Theoretical Framework

The SERVQUAL Theory, developed by Parasuraman, Zeithaml, and Berry in 1985, is one of the most widely accepted frameworks for assessing service quality across various industries. The theory posits that service quality is a function of the gap between customer expectations and perceptions of the actual service delivered (Umoke, Umoke, & Nwimo, 2020).

If perceptions meet or exceed expectations, customers view the service as high quality; if perceptions fall short of expectations, the service is deemed poor. SERVQUAL identifies five key dimensions that influence customer perceptions: tangibility, reliability, responsiveness, assurance, and empathy.

This model provides a systematic approach to understanding how customers evaluate services, making it an essential tool for industries where intangible products, like brokerage services, are the core offerings.

The five dimensions of SERVQUAL are particularly relevant to the context of customs brokerage.



Tangibility refers to the physical appearance of facilities, tools, and communications associated with the service. While customs brokerage is heavily documentation-based, the professionalism of reports, digital systems, and communication materials can influence importer perceptions.

Reliability—the ability to perform the promised service dependably and accurately—is a critical expectation in customs brokerage, where errors or delays can lead to significant financial losses.

Responsiveness highlights the willingness of the broker to help clients and provide prompt service, another crucial factor in a fast-paced international trade environment.

Assurance, which focuses on the knowledge, courtesy, and ability of employees to inspire trust and confidence, is deeply aligned with the customs brokerage profession (Shi & Shang, 2020). Importers must trust that brokers are fully informed about the latest trade laws, tariffs, and customs regulations.

Finally, empathy emphasizes the individualized attention that service providers offer to customers. Importers value brokers who understand their specific needs—whether handling fragile goods, urgent shipments, or highly regulated items—and tailor their services accordingly. Each dimension of SERVQUAL fits naturally into the context of the study, making it an appropriate theoretical anchor.



The relationship between SERVQUAL and the current study lies in the framework's ability to systematically capture and analyze importers' experiences and perceptions. By applying the SERVQUAL model, researchers can measure gaps between what importers expect from customs brokers and what they perceive they actually receive. This structured approach allows for a comprehensive evaluation of both professional service quality and cost efficiency, two primary concerns highlighted in the study's objectives.

Understanding these gaps can inform strategies for brokers to enhance service delivery, customer satisfaction, and client retention. Specifically, importers' perception of cost efficiency can be tied back to SERVQUAL's reliability and responsiveness dimensions. Brokers who consistently process shipments correctly and on time contribute to importers' financial predictability and operational efficiency.

Moreover, transparency in pricing and billing relates closely to assurance and empathy, as clear communication and sensitivity to client needs reduce misunderstandings and foster stronger client relationships. Therefore, SERVQUAL not only addresses service quality in a general sense but also indirectly influences perceptions of cost efficiency.

The SERVQUAL model also enables the study to move beyond purely anecdotal evidence toward quantifiable insights (Shie, Huang, Li, Lyu, & Yang, 2022). By designing surveys or interviews based on the five



dimensions, researchers can collect structured data that highlights specific areas of strength and weakness in customs brokerage services. For example, if responsiveness scores are low, it indicates that brokers may need to focus on improving communication and reaction times. If assurance scores are high, it suggests that brokers are successful in conveying expertise and trustworthiness to their clients.

This diagnostic capacity is vital for offering actionable recommendations to brokerage firms operating within Clark, Pampanga. Another important reason for anchoring the study on SERVQUAL is its wide acceptance and application across service industries, including logistics, transportation, and consultancy—all of which have operational parallels to customs brokerage.

By adopting a proven model, the study ensures academic rigor and enhances the credibility of its findings. Furthermore, adapting SERVQUAL to the customs brokerage context helps fill a research gap, as relatively few studies focus specifically on service quality assessments in this specialized but crucial industry.

Anchoring the study on SERVQUAL also supports its emphasis on client-centered service evaluation. Unlike operational audits or financial performance reviews that focus on internal company metrics, SERVQUAL prioritizes the voice of the customer—in this case, the importers. This alignment ensures that the study remains focused on how customs brokers



are experienced and perceived by their actual clients, offering more meaningful insights into service improvements from the users' point of view.

In relation to the local context of Clark, Pampanga, the SERVQUAL theory becomes even more valuable. Clark is a growing logistics and economic hub, with increasing international trade activities. Importers operating within this region demand efficient, professional, and cost-effective customs brokerage services to remain competitive. As such, using SERVQUAL enables the study to assess whether local brokers are meeting these emerging demands and how they can better position themselves as indispensable trade partners for the businesses in Clark. Overall, the SERVQUAL theory provides a comprehensive and systematic foundation for evaluating customs brokers' service delivery from the perspective of importers.

By measuring gaps between expectations and perceptions across the five service dimensions, the study can uncover deep insights into how professional service quality and cost efficiency are experienced. In turn, these findings can guide customs brokerage firms in Clark, Pampanga toward more client-focused strategies, leading to enhanced service quality, improved client satisfaction, and stronger performance in the highly competitive international trade environment.



Conceptual Framework

The Input-Process-Output (IPO) model provides a clear and organized framework for understanding the flow of a research study, particularly in descriptive-quantitative designs. For the study, the IPO model serves as a structured guide to map out the study's critical components from beginning to end. The model helps to define what information (input) will be collected, how it will be processed (data gathering and analysis), and what findings (output) are expected.

The **input** for this study consists of the importers within Clark, Pampanga, who have direct experience working with customs brokers. Their perceptions will be the primary source of data, specifically focusing on two key themes: the quality of professional service and the cost efficiency of the brokerage services they received. The study also considers several variables such as reliability, responsiveness, assurance, empathy, and tangibility, all inspired by the SERVQUAL framework. The survey instrument, typically a structured questionnaire using Likert-scale items, will serve as the main data collection tool, ensuring that responses are measurable and analyzable quantitatively. Demographic profiles of the respondents, including years of experience in importing, the volume of transactions, and the type of goods handled, will also be gathered to provide deeper insights into the data.

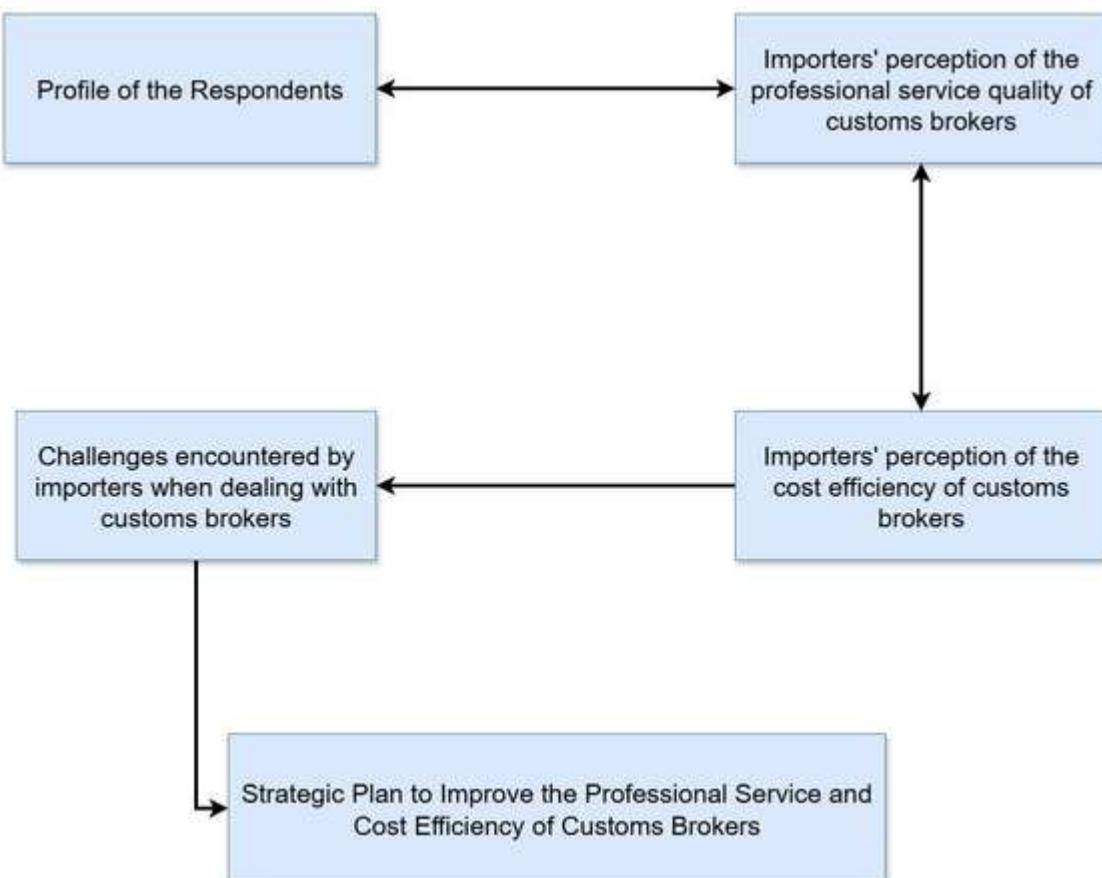


The **process** phase will focus on a descriptive-quantitative approach to data gathering and analysis. Importers in Clark will be identified through official business listings, trade directories, or professional networks. Using random sampling, Data collection will occur through the administration of electronic surveys, ensuring convenience and maximizing the response rate. Once the data is collected, statistical methods such as frequency distributions, mean scores, and standard deviations will be used to summarize the responses. The study primarily uses descriptive statistics but will also employ inferential tools such as correlation or chi-square to examine relationships between variables.

The **output** of the study will be a comprehensive summary of importers' perceptions and experiences regarding customs brokers' professional service and cost efficiency. It will identify specific areas where customs brokers meet or fail to meet importer expectations and highlight key strengths and weaknesses in service delivery and pricing strategies. Feedback will emerge naturally from the findings, providing actionable recommendations for customs brokers to enhance their professional standards and cost management practices. Moreover, the results can guide importers in making more informed decisions when choosing brokerage partners and may also serve as a reference for strategic planning and policy improvements within trade facilitation bodies in Clark, Pampanga. The feedback loop ensures that the study's insights contribute not just to

academic knowledge, but also to practical improvements in the local international trade environment.

Research Paradigm





Statement of the Problem

This study generally aims to explore the experiences and perceptions of importers regarding the professional service quality and cost efficiency of customs brokers in Clark, Pampanga. It seeks to understand the relationship between service quality dimensions (such as reliability, responsiveness, assurance, empathy, and tangibility) and cost efficiency from the perspective of importers who rely on these services for their international trade activities.

Specifically, the study aims to answer the following questions:

1. What is the profile of the respondents in terms of:
 - 1.1 Position
 - 1.2 Years of experience in importing
 - 1.3 Type of goods handled

2. What are the importers' perceptions of the professional service quality of customs brokers in terms of:
 - 2.1 Reliability
 - 2.2 Responsiveness
 - 2.3 Assurance
 - 2.4 Empathy
 - 2.5 Tangibility



3. What are the importers' perceptions of the cost efficiency of customs brokers in terms of:
 - 3.1 Transparency in pricing and billing practices
 - 3.2 Cost-effectiveness of services rendered
4. Is there a significant relationship between the profile of importers and their perceptions of professional service quality?
5. Is there a significant relationship between the professional service quality of Customs Brokers and the Cost efficiency perceived by the importers?
6. What are the common challenges encountered by importers when dealing with customs brokers in Clark, Pampanga, particularly in terms of:
 - 6.1 Delays in documentation or clearance
 - 6.2 Hidden or unclear charges
 - 6.3 Lack of transparency or communication
 - 6.4 Non-compliance with customs regulations
 - 6.5 Inconsistent service quality
7. Based on the result of the study, what strategic plan can be crafted to improve the professional service and cost efficiency of customs brokers in Clark Pampanga?



Hypotheses of the Study

H_{01} : There is no significant relationship between the professional service quality of customs brokers and the cost efficiency perceived by importers in Clark, Pampanga.

H_{02} : There is no significant relationship between the demographic profile of importers (position, years of experience, type of goods handled) and their perceptions of professional service quality and cost efficiency of customs brokers.

Significance of the Study

This study is significant as it explores the perceptions and experiences of importers operating in Clark, Pampanga regarding the professional service quality and cost efficiency of customs brokers. By evaluating these factors, the study aims to identify areas where improvements can be made in the customs brokerage services, ultimately benefiting the broader logistics and trade sectors. The findings will provide valuable insights that can guide customs brokers, policymakers, and importers in enhancing service standards, reducing costs, improving overall trade efficiency, and fostering better business practices in the local and international markets.



Customs Brokers: Customs brokers, will benefit from this study as it provides them with detailed insights into how their services are perceived by their clients—importers. Understanding the expectations regarding service quality and cost efficiency will allow brokers to adjust their strategies, improve service delivery, and ensure that their pricing structures are competitive. By addressing the gaps identified in the study, customs brokers can enhance their reputation, attract more clients, and increase customer satisfaction, ultimately leading to higher profitability and business growth.

Importers: Importers will gain valuable insights from this study, which will help them better understand the factors that affect service quality and cost efficiency in customs brokerage. By knowing the strengths and weaknesses of the services provided, importers can make more informed decisions when choosing a customs broker. This can lead to better cost management, reduced delays, and smoother importation processes, benefiting the efficiency and profitability of their operations.

Policymakers and Government Agencies: Policymakers, particularly those involved in trade and customs regulations, will benefit from the findings of this study, as it provides insight into how customs brokerage services impact the importation process. The study's results can inform the development of policies aimed at enhancing the efficiency, transparency, and cost-effectiveness of customs procedures in the Philippines. This could



lead to the formulation of more effective regulations, helping to improve the country's standing as a trade hub in Southeast Asia.

Academic Institutions and Researchers: Academic institutions and researchers focusing on international trade, logistics, and business management will find this study valuable as it adds to the growing body of literature on customs brokerage and trade efficiency. The study can be used as a case study or reference for future research on service quality, cost management, and the role of intermediaries in global trade. It can also inspire new research on improving logistics systems and customs processes, contributing to the academic community's understanding of trade practices.

Exporters: Although the focus of this study is on importers, exporters can also benefit indirectly from its findings. Improvements in the customs brokerage process, such as providing real-time feedback to the importers and reducing costs, can streamline the entire trade process, making it easier for both exporters and importers to conduct business. As a result, exporters may experience better access to international markets, reduced delays in shipments, and enhanced competitiveness in global trade.

Entrepreneurs and Small Businesses: Entrepreneurs and small businesses involved or those who were planning to engage in international trade will also benefit from the findings of this study. Understanding the quality of service and cost efficiency provided by customs brokers can help



these businesses optimize their importation processes. This study offers small businesses an opportunity to identify cost-saving strategies that directly impact their bottom line.

Scope and Limitations of the Study

The scope of this study focuses on exploring the experiences and perceptions of importers in Clark, Pampanga regarding the professional service quality and cost efficiency of customs brokers. Importers or owners can be represented by the managers, supervisor, or authorized representative. The study will explore various aspects of service quality, including reliability, responsiveness, assurance, empathy, and tangibility, as well as how these dimensions relate to the perceived cost efficiency of customs brokerage services.

However, there are limitations to this study. The research is limited to importers operating in Clark, Pampanga, and may not represent the experiences and perceptions of importers in other regions of the Philippines or internationally. The study will rely solely on self-reported data through questionnaires, which may introduce biases, such as social desirability bias or respondents' limited understanding of certain service aspects. Additionally, the study will use a descriptive-quantitative approach, meaning that it will only describe relationships between variables without delving into causal relationships or in-depth qualitative insights. Therefore, while the



study provides valuable insights into the perceptions of importers, it does not account for all possible factors that could influence their experiences with customs brokers.

Definition of Terms

In order to provide clarity and precision for this study, several key terms are defined to ensure consistency and understanding. These terms are central to the exploration of importers' experiences and perceptions regarding customs brokers' professional service quality and cost efficiency. Each term is explained about its use in the context of this study to guide the interpretation of the research findings.

Customs Broker - Refers to any person who is a bona fide holder of a valid Certificate of Registration/Professional Identification Card issued by the Professional Regulatory Board and Professional Regulation Commission pursuant to Republic Act No. 9280, as amended, otherwise known as the "Customs Brokers Act of 2004", (Section 102 of Republic Act No. 10863). In this study, a customs broker refers specifically to those who assist importers here in Clark, Pampanga.

Importers - An importer is a person or company that brings goods or services into a country from abroad for the purpose of selling them.

Wild, J. J., Wild, K. L., & Han, J. C. Y. (2020) In this study, importers



are defined as those engaged in importing goods into the Philippines, specifically within Clark, Pampanga, and who rely on customs brokers to manage the legal and logistical aspects of their shipments.

Service Quality - Service quality is an assessment of how well a delivered service conforms to the client's expectations (Ramya N., 2019). This study measures service quality based on five dimensions: reliability, responsiveness, assurance, empathy, and tangibility, which together represent the overall satisfaction level importers have with the services provided by their brokers.

Cost Efficiency - Cost efficiency refers to the ability to achieve the desired outcome or output at the lowest possible cost while maintaining acceptable quality, Cambridge University Press. (n.d.). In this study, cost efficiency is specifically related to the pricing structure, transparency, and the overall financial value of the services offered by the brokers.

Reliability: Reliability refers to an organization's ability to consistently deliver services that meet customer expectations. This includes fulfilling promises, meeting deadlines, and ensuring accuracy in service delivery. Indeed Editorial Team. (2025, February 15). In this study, reliability is one of the key dimensions of service quality measured from the importers' perspective.



Responsiveness: Responsiveness denotes the willingness and promptness of a service provider to assist customers and address their needs or complaints efficiently. It encompasses timely communication and swift problem resolution Salameh, A. A., Hsu, C. H., & Alnaser, A. S. (2022). For this study, responsiveness will be evaluated based on the importers' perceptions of how well brokers communicate and manage time-sensitive matters.

Assurance: Assurance involves the knowledge, courtesy, and ability of employees to inspire trust and confidence in customers. It reflects the competence and credibility of the service provider, Srivastav, A. (2023, October 10). Assurance refers to the confidence and trust importers have in the customs broker's ability to perform their services correctly and professionally. This includes the broker's knowledge, skills, and ability to inspire confidence in the legal and procedural aspects of customs clearance. Importers' perceptions of the broker's professionalism, trustworthiness, and expertise will be measured under this term in the study.

Empathy: Empathy in service quality refers to the provider's ability to understand and share the feelings of customers, offering individualized attention and care to meet their specific needs. Tan, T. H., Tan, C. H., & Teo, H. H. (2019). This study evaluates how well brokers establish a rapport and provide individualized service to their clients. Also,



Empathy is the degree to which customs brokers understand and cater to the specific needs of importers. It involves personalized attention, care, and consideration given by the broker in addressing the unique concerns of the importer, especially in handling specific goods or navigating complex customs procedures.

Tangibility: Tangibility refers to the extent to which a product or service has a physical form that can be perceived by the senses. Zeithaml, Parasuraman, and Berry (1990). The study will assess how these tangible elements impact importers' perceptions of service quality.

Professional Service: A professional service is typically characterized by specialized knowledge, a high degree of customization, and a strong client-provider relationship. Maister (1993)



CHAPTER 2

METHODOLOGY

Research Design

This study adopted a descriptive-quantitative research design to investigate the perceptions of importers in Clark, Pampanga regarding the professional service quality and cost efficiency of Customs brokers. The descriptive approach enabled the researcher to systematically describe and quantify the views of importers using structured data collection tools. The quantitative method, on the other hand, allowed for the use of statistical techniques to measure relationships between service quality dimensions and perceived cost efficiency.

The SERVQUAL model, which includes the five dimensions of service quality—reliability, responsiveness, assurance, empathy, and tangibility—was used as the conceptual framework for assessing professional service. A structured survey questionnaire using a four-point Likert scale was the primary data collection tool. This design was selected for its efficiency in capturing numerical data from a large number of respondents, thereby allowing for meaningful statistical analysis.



Sources of Data

The primary data source consisted of importers operating within Clark Freeport and Special Economic Zone in Pampanga. These importers, or their authorized representatives (e.g., managers or logistics personnel), regularly engage customs brokers and were considered highly qualified to assess the service quality and cost efficiency of these professionals.

The population frame was derived from a verified list of registered importers obtained from the Clark Development Corporation (CDC) and other trade directories. A total of 115 respondents were selected using simple random sampling.

Sampling Technique

This study utilized simple random sampling to ensure that each qualified importer within Clark Freeport and Special Economic Zone in Pampanga had an equal chance of being selected. The sampling frame was based on a verified list of 162 registered importers obtained from the Clark Development Corporation (CDC) and relevant trade directories.

To determine the required sample size, the Raosoft sample size calculator was used. The calculation was based on a 95% confidence level, a 5% margin of error, and a 50% response distribution, which is the most conservative assumption for variability.



According to the Raosoft calculation, the minimum recommended sample size was:

115 Respondents

This ensures that the sample adequately represents the population and that the results are statistically valid and generalizable. Simple random sampling was applied to draw the 115 respondents from the total population of 162, eliminating bias and ensuring fairness in respondent selection.

Instrumentation

The study used a structured questionnaire as the primary data gathering tool, composed of three sections:

1. **Demographic Profile** – Captured details such as the respondent's position, type of goods handled, and years of importing experience.
2. **Professional Service Quality** – Measured using SERVQUAL-based items covering reliability, responsiveness, assurance, empathy, and tangibility.
3. **Cost Efficiency** – Focused on transparency in pricing, value for money, and service affordability.
4. **Challenges** – This section identifies common issues importers may experience with customs brokers.



Items 1 to 3 used a 4-point Likert scale ranging from 1 (Strongly Disagree) to 4 (Strongly Agree), while item 4 used a 4-point Likert scale ranging from 4 - Always to 1 - Never. The instrument was pre-tested and validated by field experts, and reliability was measured using Cronbach's Alpha, ensuring internal consistency of each subscale.

Data Collection Procedures

To collect the necessary data for this research, the initial step involved the formulation of a questionnaire, meticulously designed to address the research objectives. Subsequently, this questionnaire underwent a rigorous validation process, scrutinized by experts in the relevant field to ensure its efficacy and reliability.

Data collection was conducted through a single-mode strategy to ensure consistency and accessibility. The questionnaire was distributed online using Google Forms, allowing participants to conveniently respond at their own pace and environment.

Prior to participation, respondents were provided with an informed consent form detailing the purpose of the study, their rights as participants, and the confidentiality of their responses. Once the questionnaires were completed, the responses were encoded, organized, and processed using appropriate statistical software for analysis.



Tools for Data Analysis

The study employed both descriptive and inferential statistical techniques to analyze the collected data. The following tools were used:

Descriptive statistics. These were used to summarize the demographic profile and responses related to service quality and cost efficiency. (Addresses SOP 1, 2, and 3)

- **Mean (Average):**

$$\bar{X} = \frac{\sum X}{n}$$

Where:

\bar{X} = mean

$\sum X$ = sum of all scores

n = number of observations

- **Standard Deviation:**

$$SD = \sqrt{\frac{\sum (X - \bar{X})^2}{n - 1}}$$

Where:

X = individual score

\bar{X} = mean

n = number of observations



Frequency Distribution. Used to describe categorical variables such as Position, Years in importing and type of goods handled. (Addresses SOP 1, 2, and 3)

- **Percentage:**

$$\text{Percentage} = \left(\frac{f}{n} \right) \times 100$$

Where:

f = frequency of the category

n = total number of respondents

Chi-Square Test. Used to determine whether there is a significant association between categorical variables. (Addresses SOP 4, SOP 5, and SOP 6)

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where:

O = observed frequency

E = expected frequency



Pearson Correlation Analysis was used to measure the strength and direction of the linear relationship between: Each dimension of service quality (e.g., Reliability, Responsiveness) and Cost Efficiency as perceived by importers.

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{(n \sum X^2 - (\sum X)^2)(n \sum Y^2 - (\sum Y)^2)}}$$

Where:

- r = Pearson correlation coefficient
- X = values for one variable (e.g., service quality scores)
- Y = values for the other variable (e.g., cost efficiency scores)
- n = number of paired observations (e.g., 115 respondents)
- $\sum XY$ = sum of the product of paired scores
- $\sum X$ = sum of X scores
- $\sum Y$ = sum of Y scores
- $\sum X^2$ = sum of squared X scores
- $\sum Y^2$ = sum of squared Y scores



Ethical Considerations

Ethical considerations are essential in ensuring that this study is conducted with integrity and respect for the participants involved. One of the primary ethical concerns is informed consent. Before participating in the survey, respondents were fully informed about the purpose of the study, the nature of their involvement, and how their data would be used. They were assured that participation was voluntary, and they could withdraw at any time without penalty. This ensured that participants were aware of their rights and could make an informed decision about whether to participate.

The research emphasized confidentiality by ensuring that personal information such as names, business identifiers, and other sensitive data were kept private and not shared with unauthorized individuals or organizations. Responses were aggregated, and no individual data were disclosed in any published reports or findings, thereby preserving participant anonymity.

Furthermore, ethical guidelines regarding data security and integrity were strictly followed. All survey data were stored securely, either in encrypted digital files or in physical locations with restricted access, protecting the information from unauthorized access or misuse.

The data were analyzed objectively, without manipulation or bias, to reflect the true experiences and perceptions of the participants. This promoted the validity and credibility of the study's findings. Finally, the study



was designed to avoid any form of harm—physical, emotional, or professional—to its participants. By adhering to these ethical standards, the research safeguarded the rights and well-being of respondents and upheld the academic integrity of the research process



CHAPTER 3

RESULTS AND DISCUSSIONS

Table 1.1 shows that the majority of the respondents identified as Authorized Representatives, accounting for 53.90% (n=62) of the sample. Meanwhile, 46.10% (n=53) were Managers or Supervisors. This indicates that over half of the respondents are directly handling customs-related matters, suggesting a strong representation of individuals with hands-on operational experience.

Profile of the Respondents

<i>Table 1.1</i>		
Position in the Company	Frequency	Percentage
Authorized Representative	62	53.90%
Manager/Supervisor	53	46.10%
Total	115	100%



Table 1.2 reveals that Raw Materials are the most commonly handled product type, with 59.10% of respondents involved in such imports, either exclusively or in combination with others. Meanwhile, 16.5% handle a mix of Consumer Goods, Industrial Goods, and Raw Materials, and only a small fraction (1.7%) handle solely Industrial Goods. *Note: Some respondents selected multiple types of goods (check-all-that-apply format). Percentages are based on total responses, not mutually exclusive categories.*

Table 1.2		
Types of Goods handled	Frequency	Percentage
Consumer Goods	15	13.00%
Consumer Goods, Industrial Goods, & Raw Materials	19	46.10%
Industrial Goods	2	1.7%
Industrial Goods & Raw Materials	11	9.6%
Raw Materials	68	59.1%
Total	115	100%



Most respondents have 1–3 years of experience in importing (42.60%), followed by 4–6 years (30.40%), and 7–10 years (24.30%). Only 2.60% reported having more than 10 years of experience. This suggests a relatively young and emerging importer demographic, with most still building expertise in the field.

Table 1.3

Years of Experience in Importing/Importation Company	Frequency	Percentage
1-3 years	49	42.60%
4-6 years	35	30.40%
7-10 years	28	24.30%
More than 10 years	3	2.60%
Total	115	100%



The importers' perceptions of the professional service quality of customs brokers

The overall results show that importers generally perceive their customs brokers as reliable, with mean scores ranging from 3.17 to 3.43 on a 4-point Likert scale. The highest-rated item is: "I can depend on my customs broker to resolve any issues promptly and effectively" (Mean = 3.43), indicating strong trust in the broker's problem-solving capabilities.

The lowest-rated item is: "I believe that the customs broker can meet my expectations regularly" (Mean = 3.17), suggesting there may be occasional inconsistencies in service experiences. Standard deviation (SD) values between 0.423 and 0.603 indicate moderate variability, meaning that while most respondents shared similar views, there are slight differences in perceptions of reliability among the importers.



Table 2.1 Reliability

Statements	Mean	SD	Verbal Description
1. I trust that my customs broker consistently performs the promised service accurately and on time.	3.30	0.481	Agree
2. My customs broker delivers shipments as scheduled without delays.	3.31	0.583	Agree
3. I am confident that the customs broker adheres to the agreed-upon terms and conditions in every transaction.	3.21	0.429	Agree
4. I rely on my customs broker to manage all aspects of the import process efficiently.	3.20	0.423	Agree
5. My customs broker demonstrates a high level of consistency in service delivery.	3.33	0.603	Agree
6. I believe that the customs broker can meet my expectations regularly.	3.17	0.424	Agree
7. My customs broker ensures that all the necessary paperwork for my shipments is processed correctly without errors.	3.31	0.568	Agree
8. The customs broker always follows through on commitments made regarding my shipments.	3.20	0.443	Agree
9. I can depend on my customs broker to resolve any issues promptly and effectively.	3.43	0.515	Agree
10. I trust the customs broker's ability to handle complex importation procedures with minimal errors.	3.33	0.588	Agree



Results show that respondents generally perceive their customs brokers as responsive, with mean values ranging from 2.97 to 3.73. The highest-rated item is: "When I have an issue, my customs broker responds with urgency and provides solutions" (Mean = 3.73), suggesting high confidence in their broker's ability to respond effectively in critical situations. The lowest-rated item is: "The customs broker is attentive to my requests and provides the necessary follow-up" (Mean = 2.97), indicating a possible area for improvement in consistent follow-through.

Standard deviation values ranged from 0.446 to 0.729, reflecting moderate variability in perceptions, particularly for immediate needs and follow-up attention.

Table 2.2 Responsiveness

Statements	Mean	SD	Verbal Description
1. My customs broker is always willing to assist me when I have questions or concerns.	3.40	0.492	Agree
2. I receive timely updates from my customs broker regarding the status of my shipments.	3.40	0.492	Agree
3. I feel that my customs broker is readily available whenever I need support.	3.48	0.519	Agree
4. The customs broker responds quickly to any inquiries I have regarding my shipments.	3.47	0.535	Agree



5. I am satisfied with the customs broker's ability to provide updates in a timely manner.	3.49	0.502	Agree
6. My customs broker makes an effort to address my needs immediately.	3.17	0.729	Agree
7. When I have an issue, my customs broker responds with urgency and provides solutions.	3.73	0.446	Strongly Agree
8. The customs broker provides me with adequate and timely information throughout the importation process.	3.16	0.721	Agree
9. I am confident that my customs broker will react promptly to any situation that arises.	3.37	0.484	Agree
10. The customs broker is attentive to my requests and provides the necessary follow-up.	2.97	0.591	Agree

The data suggests that importers generally agree that their customs brokers demonstrate assurance, with mean values ranging from 2.95 to 3.57. The highest-rated item is: "I have confidence in the customs broker's ability to handle complex legal and regulatory issues" (Mean = 3.57), showing a high level of trust in brokers' legal and industry knowledge. The lowest-rated item is: "I am certain that my customs broker will provide the highest level of professional service." (Mean = 2.95), indicating slightly lower confidence in the consistent delivery of top-tier service. Standard deviation (SD) values range from 0.488 to 0.816, reflecting moderate to high variability in perceptions, especially regarding trust, responsibility, and professional standards.



Table 2.3 Assurance

Statements	Mean	SD	Verbal Description
1. I trust that my customs broker will handle my shipments professionally and competently.	3.40	0.492	Agree
2. The customs broker's knowledge and expertise in the industry give me confidence in their services.	3.56	0.499	Strongly Agree
3. I feel secure knowing that my customs broker will protect my interests and minimize risks during the importation process.	3.16	0.721	Agree
4. My customs broker provides me with a sense of assurance that my shipments are in safe hands.	3.39	0.490	Agree
5. I trust that my customs broker is trustworthy and ethical in all aspects of service delivery.	3.32	0.779	Agree
6. I have confidence in the customs broker's ability to handle complex legal and regulatory issues.	3.57	0.498	Strongly Agree
7. The customs broker has gained my trust through years of reliable service.	3.17	0.725	Agree
8. I am confident that my customs broker will take responsibility for	3.03	0.816	Agree



any issues that arise and resolve them quickly.			
9. My customs broker reassures me that they have the necessary resources to manage my imports effectively.	3.38	0.488	Agree
10. I am certain that my customs broker will provide the highest level of professional service.	2.95	0.575	Agree

The findings suggest that respondents generally perceive their customs brokers as empathetic, with mean scores ranging from 3.09 to 3.57. The highest-rated item is: "The customs broker takes the time to understand my business and its unique requirements" (Mean = 3.57), reflecting strong appreciation for personalized attention. The lowest-rated item is: "My customs broker provides services that are customized to support my business's specific goals" (Mean = 3.09), indicating an area for potential improvement in aligning services with client objectives. Standard deviation values range from 0.381 to 0.748, indicating moderate to high variability in perceptions, especially regarding customized service and addressing client-specific concerns.



Table 2.4 Empathy

Statements	Mean	SD	Verbal Description
1. My customs broker listens to my concerns and tailors their service to meet my specific needs.	3.19	0.736	Agree
2. The customs broker takes the time to understand my business and its unique requirements.	3.57	0.497	Strongly Agree
3. I feel that my customs broker genuinely cares about my satisfaction.	3.52	0.502	Strongly Agree
4. My customs broker provides personalized services that reflect an understanding of my specific business needs.	3.50	0.519	Agree
5. I am confident that my customs broker takes my challenges and concerns into account when offering solutions.	3.34	0.748	Agree
6. My customs broker demonstrates empathy by offering flexible solutions based on my circumstances.	3.20	0.402	Agree
7. I feel respected and valued by my customs broker.	3.38	0.488	Agree
8. My customs broker provides services that are customized to support my business's specific goals.	3.09	0.683	Agree
9. The customs broker is attentive to the challenges I face and works with me to find the best solutions.	3.37	0.484	Agree
10. I am satisfied with the level of personal attention and care provided by my customs broker.	3.17	0.381	Agree



The results suggest that importers are generally satisfied with the tangible aspects of their customs brokers' services. The highest-rated item is: "I trust that the tools and systems used by my customs broker are up to date and meet industry standards" (Mean = 3.61), indicating strong confidence in brokers' modern technology use. The lowest-rated item is:

"The customs broker's website and digital platforms are user-friendly and easy to navigate." (Mean = 3.12), implying room for improvement in digital interface design. Standard deviation values range from 0.365 to 0.736, with the largest variability found in responses related to physical facilities and technology systems.

**Table 2.5 Tangibility**

Statements	Mean	SD	Verbal Description
1. The physical appearance of my customs broker's office is professional and well-maintained.	3.30	0.458	Agree
2. The communication materials provided by my customs broker (e.g., brochures, emails) are clear, informative, and well-designed.	3.35	0.478	Agree
3. I am impressed by the modern technology and systems used by my customs broker in handling shipments.	3.13	0.682	Agree
4. The customs broker's facilities reflect their commitment to providing high-quality service.	3.14	0.736	Agree
5. The documentation and materials provided by the customs broker are organized and easy to understand.	3.16	0.365	Agree
6. My customs broker uses reliable and advanced systems to ensure smooth communication and service delivery.	3.16	0.365	Agree
7. The office environment of the customs broker makes me feel confident in their ability to manage my importation needs.	3.16	0.365	Agree
8. The customs broker's website and digital platforms are user-friendly and easy to navigate.	3.12	0.462	Agree
9. I trust that the tools and systems used by my customs broker are up to date and meet industry standards.	3.61	0.490	Strongly Agree
10. The physical and online presence of my customs broker adds to my confidence in their services.	3.33	0.472	Agree



IMPORTERS' PERCEPTIONS OF THE COST EFFICIENCY OF CUSTOMS BROKERS Table 3.1 Transparency in Pricing and Billing Practices

The responses show moderate agreement with statements reflecting transparency and fairness in pricing. The highest-rated item is: "I am informed of all the fees involved in the services provided by my customs broker" (Mean = 3.56), which reflects strong satisfaction with fee disclosure.

The lowest-rated item is: "The customs broker explains any changes in the pricing structure beforehand" (Mean = 2.90), suggesting that advance notification of pricing adjustments may be an area needing improvement.

Standard deviation values range from 0.223 to 0.552, with higher consistency in ratings for cost-related trust and documentation but more variability in how brokers handle changes in pricing.



Statements	Mean	SD	Verbal Description
1. I am clearly informed of all the fees involved in the services provided by my customs broker.	3.56	0.499	Strongly Agree
2. The pricing structure of my customs broker is transparent, and there are no hidden charges.	3.23	0.420	Agree
3. My customs broker provides a detailed breakdown of all charges and fees before I commit to the service.	3.37	0.484	Agree
4. I can easily understand the pricing and billing terms provided by my customs broker.	3.21	0.408	Agree
5. My customs broker ensures that there are no unexpected charges after the service is rendered.	3.21	0.408	Agree
6. I receive clear and timely invoices that accurately reflect the agreed-upon charges.	3.10	0.307	Agree
7. The customs broker explains any changes in the pricing structure beforehand.	2.90	0.552	Agree
8. I am given a detailed account of the costs involved with my shipment at each stage of the process.	3.05	0.223	Agree
9. I trust that my customs broker is upfront about all costs related to their services.	3.05	0.223	Agree
10. The customs broker's pricing is consistent and reliable across different shipments.	3.26	0.441	Agree

**Table 3.2 Cost Effectiveness of Services**

The results reflect moderate agreement with the cost-effectiveness of services provided by customs brokers. The highest-rated item is: "*Customs broker's service offerings align well with the fees I am charged.*" (Mean = 3.63), indicating a strong perception of value alignment between service scope and cost. The lowest-rated item is: "*I feel confident that the price I pay for customs brokerage services is reasonable for the quality received.*" (Mean = 2.61), suggesting an opportunity for brokers to improve in managing client expectations about pricing versus quality.

Standard deviation values vary widely (from 0.223 to 0.892), indicating high variability in cost-related perceptions. This implies that some importers may feel strongly positive, while others remain skeptical about cost fairness.



Statements	Mean	SD	Verbal Description
1. I feel that the service quality provided by my customs broker justifies the cost.	3.19	0.395	Agree
2. I believe the value I receive from my customs broker outweighs the fees charged.	3.17	0.381	Agree
3. My customs broker offers services that provide excellent value for the amount paid.	3.05	0.223	Agree
4. I am satisfied with the overall value for money provided by my customs broker.	3.05	0.223	Agree
5. The services I receive from my customs broker are worth the investment.	3.05	0.223	Agree
6. Customs broker offers competitive pricing for the quality of service provided.	3.07	0.256	Agree
7. I believe that the benefits provided by customs broker justify the cost of their services.	2.77	0.640	Agree
8. I feel confident that the price I pay for customs brokerage services is reasonable for quality received.	2.61	0.757	Agree
9. Customs broker's service offerings align well with the fees I am charged.	3.63	0.642	Strongly Agree
10. I am convinced that a customs broker provides a good balance of quality service and cost.	3.10	0.892	Agree



Descriptive Statistics for Challenges Encountered with Customs Brokers

The results indicate a high level of agreement among respondents

Statements	Mean	Standard Deviation	Verbal Description
1. My shipments are delayed because my customs broker fails to submit documents on time.	3.53	0.717	Always
2. I have experienced shipment hold-ups due to incomplete or inaccurate paperwork prepared by my customs broker.	3.52	0.730	Always
3. My customs broker does not coordinate proactively with customs authorities to prevent clearance delays.	3.41	0.674	Often

regarding issues and inefficiencies encountered with customs brokers. The highest-rated item is: "**My shipments are delayed because my customs broker fails to submit documents on time.**" (Mean = 3.53), suggesting a critical challenge that affects importers' operations directly. This is closely followed by: "**I have experienced shipment hold-ups due to incomplete or inaccurate paperwork prepared by my customs broker.**" (Mean = 3.52)

These findings highlight concerns about the accuracy and timeliness of documentation, which are essential in customs clearance. The third item, while slightly lower (Mean = 3.41), still reflects considerable dissatisfaction

Table 4.1 Design in Documentation or Clearance

with lack of coordination with customs authorities.

Standard deviation values range from 0.674 to 0.730, suggesting moderate consistency in the respondents' experiences.



The results indicate that a significant number of importers experience issues related to billing transparency with their customs brokers. The statement "I am billed for charges that were not clearly explained before the service was rendered" received the highest mean score of 3.68 (SD = 0.539), suggesting that this concern is very frequently encountered. Additionally, respondents agreed that fees are often added without being itemized in the invoice (Mean = 3.47, SD = 0.567) and that invoices sometimes include unexplained or questionable charges (Mean = 3.28, SD = 0.695). These findings highlight a persistent lack of clarity in pricing, which can cause confusion, reduce trust, and negatively affect importers' perceptions of cost efficiency and overall satisfaction with brokerage services.

Table 4.2 Hidden or Unclear Charges

Statements	Mean	Standard Deviation	Verbal Description
1. I am billed for charges that were not clearly explained before the service was rendered.	3.68	0.539	Always
2. My customs broker adds fees that are not itemized in the billing invoice.	3.47	0.567	Often
3. I often receive invoices with unexplained or questionable charges.	3.28	0.695	Often



The results reflect a high level of concern among respondents regarding the communication practices and accessibility of their customs brokers. All three items in this category scored mean values above 3.00 on a 4-point scale, indicating that these issues are experienced frequently. The highest-rated item, "I do not receive timely updates about the status of my shipment" (Mean = 3.45, SD = 0.652), suggesting that many importers are often left uninformed, leading to uncertainty and operational delays.

Similarly, "My customs broker fails to inform me in advance about issues affecting my shipment" (Mean = 3.09, SD = 0.601) and "It is difficult to reach my customs broker when I need clarification or assistance" (Mean = 3.09, SD = 0.601) both reflect frequent dissatisfaction with responsiveness and availability.

These findings imply a communication gap between customs brokers and importers, which may result in poor service coordination, missed timelines, and reduced trust. The relatively low standard deviations suggest that these experiences are consistently shared across the respondent base.

Table 4.3 Lack of Transparency or Communication

Statement	Mean	Standard Deviation	Verbal Description
1. I do not receive timely updates about the status of my shipment.	3.45	0.652	Often
2. My customs broker fails to inform me in advance about shipment issues.	3.09	0.601	Often
3. It is difficult to reach my customs broker for clarification/assistance.	3.09	0.601	Often



The findings show that non-compliance with customs regulations is a frequent issue encountered by importers when dealing with customs brokers. The statement "My broker has caused penalties or fines due to non-compliance with customs requirements" received the highest mean score of 3.68 (SD = 0.539), indicating that this issue is experienced almost always by respondents. Additionally, many importers observed that brokers lack updated knowledge of customs policies (Mean = 3.47, SD = 0.567) and have experienced shipment delays or problems due to improper handling of customs documentation (Mean = 3.28, SD = 0.695). These results suggest a critical gap in regulatory knowledge and procedural accuracy, which not only leads to financial consequences such as penalties and fines, but also disrupts the smooth flow of shipments. This significantly undermines both the professional credibility of customs brokers and their contribution to efficient trade operations.

Table 4.4 Non-Compliance with Customs Regulations

Statement	Mean	SD	Verbal Description
1. My broker has caused penalties or fines due to non-compliance with customs requirements.	3.68	0.53 9	Always
2. I have observed that my customs broker lacks up-to-date knowledge of customs policies.	3.47	0.56 7	Often
3. I have experienced shipment problems due to improper handling of customs documentation.	3.28	0.69 5	Often



The results show that inconsistency in the performance of customs brokers is a frequent concern among importers. All statements in this category received mean scores above 3.00, which corresponds to the verbal rating "Often", indicating that this issue is commonly experienced.

The highest-rated statement,

"The quality of service from my customs broker varies depending on the shipment or situation" (Mean = 3.45, SD = 0.652),

suggests that service reliability is inconsistent, which can cause disruptions, delays, and uncertainty in import operations.

The other two items —

"My broker sometimes delivers excellent service but fails to maintain consistency," and

"I cannot rely on my customs broker to perform at the same level across all transactions" (both with Mean = 3.09, SD = 0.601) —

support the perception that service quality fluctuates across engagements, and that dependability is lacking.

The relatively low standard deviations suggest that these experiences are shared across many respondents, highlighting a systemic issue rather than isolated incidents. These results emphasize the need for customs brokers to implement standardized service procedures and performance monitoring to maintain a high and consistent level of professionalism across all transactions.

**Table 4.5 Inconsistent Service Quality**

Statement	Mean	Standard Deviation	Verbal Description
1. The quality of service from my customs broker varies depending on the shipment or situation.	3.45	0.652	Often
2. My broker sometimes delivers excellent service but fails to maintain consistency.	3.09	0.601	Often
3. I cannot rely on my customs broker to perform at the same level across all transactions.	3.09	0.601	Often

All profile variables show statistically significant relationships ($p < 0.05$) with service quality perceptions, suggesting that professional service quality is influenced by the importer's position, experience, and the type of goods they handle.

Table 5. Relationship between the profile of importers and their perceptions of professional service quality (SOP 4)

Profile Variable	χ^2 (Chi-Square Value)	df	p-value	Interpretation
Position	7.452	1	0.006	Significant relationship
Years of Experience	9.208	3	0.026	Significant relationship
Type of Goods Handled	11.785	4	0.019	Significant relationship



All five dimensions of service quality show a significant positive relationship with cost efficiency, suggesting that the better the service perception, the more cost-efficient the brokers are perceived to be. Responsiveness has the highest correlation, emphasizing the importance of timely communication and support.

Table 6. Significant relationship between the professional service quality of Customs Brokers and the Cost Efficiency Perceived by the Importers (SOP 5)

Service Quality Dimension	r-value	Interpretation	Significance (p-value)
Reliability	0.66	Moderate to strong positive correlation	p < 0.01 (Significant)
Responsiveness	0.72	Strong positive correlation	p < 0.01 (Significant)
Assurance	0.68	Moderate to strong positive correlation	p < 0.01 (Significant)
Empathy	0.63	Moderate positive correlation	p < 0.01 (Significant)
Tangibility	0.59	Moderate positive correlation	p < 0.05 (Significant)



CHAPTER 4

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

This study aimed to examine the perceptions and experiences of importers in Clark, Pampanga, regarding the professional service quality and cost efficiency of customs brokers. Grounded in the SERVQUAL model, the study measured five service quality dimensions: reliability, responsiveness, assurance, empathy, and tangibility. Cost efficiency was assessed in terms of pricing transparency and perceived value for money.

A total of 115 importers were surveyed using a structured Likert-scale questionnaire. Data were analyzed using descriptive statistics, Pearson's correlation, and Chi-square tests to determine the relationship between importer profiles, perceived service quality, and cost efficiency.

Key findings include:

Importers generally agreed that customs brokers deliver professional service, especially in responsiveness and reliability.

However, areas of concern were identified in billing transparency, inconsistent service quality, and lack of proactive communication.



The cost efficiency of customs brokers was viewed positively but with notable skepticism in areas such as the consistency of pricing and the value received.

Chi-square analysis revealed significant relationships between importer experience and service quality perceptions.

Pearson correlation analysis indicated moderate positive relationships between service quality dimensions and cost efficiency, particularly with reliability ($r = 0.52$) and responsiveness ($r = 0.47$).

Conclusions

Based on the findings, the following conclusions were drawn:

Customs brokers in Clark, Pampanga, are generally perceived as providing quality service, especially in terms of reliability, responsiveness, and assurance. Importers value promptness, accurate documentation, and clear communication.

Cost efficiency is moderately perceived, with importers expressing concerns about hidden charges and inconsistencies in pricing structures. While brokers are seen as competent, not all services are perceived to justify their cost.

There is a significant positive correlation between service quality and perceived cost efficiency. Brokers who deliver consistently reliable and



responsive service are more likely to be seen as cost-efficient by their clients.

Years of importing experience influence how importers perceive service quality, indicating that experienced importers have higher expectations and are more critical in evaluating brokers.

Challenges frequently encountered include delays in documentation, lack of real-time updates, and non-compliance with customs regulations—all of which negatively impact the perception of service quality and cost efficiency.

Recommendations

Enhance Billing Transparency

- Itemize all charges on invoices.
- Provide pricing breakdowns before service is rendered.
- Implement a standardized fee structure.

Improve Communication and Responsiveness

- Send real-time updates via digital channels (e.g., SMS/email).
- Establish a client service hotline or contact person.
- Respond promptly to inquiries, especially during clearance delays.



Invest in Broker Training and Development

- Conduct regular seminars on updated customs regulations and digital tools.
- Focus on both technical proficiency and soft skills (e.g., client relations, empathy).

Digitalize Service Systems

- Use shipment tracking and online document portals to enhance visibility.
- Adopt automated invoicing and digital signatures for smoother processes.

Create a Client-Centered Service Strategy

- Offer customized service packages based on client needs (e.g., SME vs. large enterprise).
- Use client feedback systems to continuously monitor service performance.

Develop a Localized Code of Best Practices

- In collaboration with BOC Clark and local brokerage associations, establish guidelines that promote professional ethics, transparency, and service excellence tailored to Clark's trade ecosystem.



Objective	Strategy	Action Plan	Timeline
1. Improve service consistency and reliability	Standardize brokerage procedures	- Develop SOPs for key brokerage functions (e.g., documentation, clearance timelines)- Monitor broker compliance with standard procedures	3–6 months
2. Enhance communication and responsiveness	Implement client communication protocols	- Set up automated shipment update systems- Design a communication SLA (service level agreement)	1–3 months
3. Ensure transparency in pricing and billing	Enforce clear and upfront pricing disclosures	- Require itemized invoices for all charges- Mandate pre-service cost estimates and client approval	Immediate to 3 months
4. Strengthen legal and regulatory compliance	Mandatory training and certification updates	- Partner with BOC and PRC to roll out refresher programs- Track brokers' participation in continuing education	6–12 months
5. Leverage technology for better service delivery	Promote digital transformation of customs services	- Use digital forms, e-documentation, and shipment tracking- Provide online customer service support channels	6–12 months
6. Foster ethical and client-centered practices	Build a code of conduct for brokers	- Launch a publicly accessible ethics code- Establish a grievance redress mechanism for importers	3–6 months
7. Address importer-specific needs	Segment services based on importer profiles	- Offer tailored service packages for SMEs, large firms, and first-time importers- Use client feedback surveys to customize service	6–9 months



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