



The Influence of Service Quality on Customer Satisfaction in Social Security System Offices of Caraga Region, Philippines

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Abstract. Covering 40 million members nationwide numerous people visit SSS offices availing the 7 types of benefits. Some were already in the waiting area for an hour or two before the official business hours of the government offices commenced. The study crafted provisions in the SSS Caraga Region Customer Relations Manual to enhance customer relations, assess the level of satisfaction, abide by RA No. 11032, or the Ease of Doing Business Act, and be in line with Executive Order No. 605 wherein all GOCCs were directed to adopt ISO 9001:2000 Quality Management Systems with 295 participants answered a structured questionnaire determined through a systematic sampling method. The study covered nine service quality dimensions— availability, accessibility, capacity, assurance, responsiveness, reliability, empathy, tangibility, and service recovery. Results showed a positive statement about service quality. Pearson's correlation analysis found a strong positive relationship between quality of services and customer satisfaction, meaning that higher levels of service quality significantly contribute to increased customer satisfaction. This relationship is statistically significant and not due to chance, underscoring the necessity for continuous service enhancements. Regression analysis demonstrated that quality of services significantly influenced customer satisfaction, indicating that improving service quality, particularly dimensions like reliability and responsiveness, can substantially enhance customer satisfaction. Findings guided by crafting provisions in the customer relations manual could lead to improved service quality and customer satisfaction.

Keywords: Customer Satisfaction, Service Quality, ISO 9001, RA 11032, Public Service Efficiency.

1 Introduction

Service quality and customer satisfaction are critical in government service delivery, particularly in social security institutions. The study aligns with the mandates of RA

11032 (Ease of Doing Business Act) and ISO 9001:2015 in enhancing service efficiency in government agencies. Despite efforts by SSS to streamline its processes, customer concerns regarding waiting times and accessibility persist. This study investigates how service quality dimensions influence customer satisfaction and proposes actionable improvements.

In Executive Order No. 605 signed by former president Gloria Macapagal Arroyo all departments and agencies of the executive branch, including all government-owned and/or controlled corporations (GOCCs) and government financial institutions (GFIs), are directed to adopt the ISO 9001:2000 Quality Management Systems as part of the implementation of a government-wide quality management program. SSS in adherence, has continually developed and improved its services by adopting the ISO Quality Management Systems.

As an active member of the International Security Association (ISSA), SSS implements the best practices of member organizations that directly benefit its members. Thus, the Social Security Commission adopted the ISSA Guidelines on Service Quality in July 2014. Five (5) service quality dimensions are believed to represent the customers' mental checklist of service quality, namely: Tangibles, Empathy, Reliability, Responsiveness, and Assurance. Guided by the ISSA Guidelines on Service Quality, the SSS Quality Management System with an initial scope to be ISO-certified implemented the ISO 9001 QMS with the Registration and Coverage System of Diliman Branch as the initial (ASSA Recognition Award, 2017).

This study aims to explore the quality of services and customer satisfaction of the SSS offices in the Caraga Region. By examining the experiences of customers and analyzing the data collected, this study will provide insights into the effectiveness of the services and identify areas for improvement. This research explores the significance of service quality elements in service encounters, analyzing their effects on customer perceptions, satisfaction, and long-term relationships with the SSS as a service provider.

2 Theoretical Framework

The underpinning theory of this study is Total Quality Management (TQM), which is a management framework based on the belief that an organization can build long-term success by having all its members, from low-level workers to its highest-ranking executives, focus on improving quality and, thus, delivering customer satisfaction[1]. They further stressed that this management approach is used to simplify supply chain management, as well as to detect, reduce, or remove errors. By applying TQM principles, this study can systematically evaluate the quality of services and customer satisfaction in SSS offices of the Caraga Region and provide valuable recommendations for improvement based on a rigorous and holistic approach.

Moreover, this study is also anchored on the Service Quality Model. This model, developed by Parasuraman, Zeithaml, and Berry, emphasizes five dimensions of service quality - tangibles, reliability, responsiveness, assurance, and empathy[2] describes the SERVQUAL model as the model of service quality that is used for measuring service quality and customer satisfaction. By applying SERVQUAL, this study

could pinpoint which service elements are performing well and which ones require attention; it offers a structured approach to identify specific areas for improvement. This information can be invaluable for Social Security System offices of the Caraga Region, as it can guide strategic decisions to enhance the physical facilities, train service personnel, and improve other services to meet customer expectations effectively.

3 Methods

This study employed a descriptive-correlational research design. This approach allowed a comprehensive understanding of the relationship between quality of service and customer satisfaction. Interviews were conducted among selected transacting customers in a face-to-face mode.

Small branches such as SSS Surigao, SSS San Francisco Agusan, and SSS Tandag had an average of 250 walk-in clients daily, while SSS Butuan as a large branch had an average of 500 walk-in clients daily, summing up the total population in this study to 1250 for the entire SSS Caraga Region. By using the RAOSOFT sample size calculator, the sample size of the population was 295, which means that in each SSS small branch, a total of 59 were the participants and 118 for the large branch all through the duration of data collection. Systematic sampling is a probability sampling method in which researchers select members of the population at a regular interval (or k) determined in advance[3]. This study used the systematic sampling method which was appropriate in this study since the list of population was undetermined.

A structured questionnaire was administered to customers, focusing on their assessments of the quality of services and overall satisfaction levels. This was used as an instrument in the collection of quantitative data and was conducted through in-person interviews. The questionnaire consists of three (3) parts. Part one contains the name (optional) and demographic information of the participants which includes age, gender, membership coverage type, and highest educational attainment. Part two was their assessment of the quality of services provided by the SSS offices of Caraga Region. Part three contains the suggestions for improved customer satisfaction.

The responses, scale, range, and interpretation assigned for each item on the quality of services and customer satisfaction of the customers of SSS offices of Caraga Region are analyzed using statistical tools such as Frequency and Percentage, Mean, T-test and ANOVA, Pearson Product Moment Correlation, and Regression Analysis.

4 Results and Discussion

4.1 Descriptive Analysis of the Profile of the Participants

Figure 1 reveals that female participants dominated the sample, accounting for 64.41%. The majority of participants were aged 25–34 years old (24.75%), followed by 35–44 years old (23.05%) and younger participants (18–24) made up 13.90%, while senior individuals (65 years and above) constituted only 7.46%. As to SSS membership coverage type, the largest group of respondents were employed in the private sector

(33.90%), followed by self-employed individuals (25.09%) and government-employed members (12.88%). Minority groups included voluntary member / non-working spouse (10.17%), survivor pensioners (6.10%), retirement pensioners (4.41%), OFW / OCW (3.73%), claimant/registrant (3.05%), and disability pensioners (0.68%).

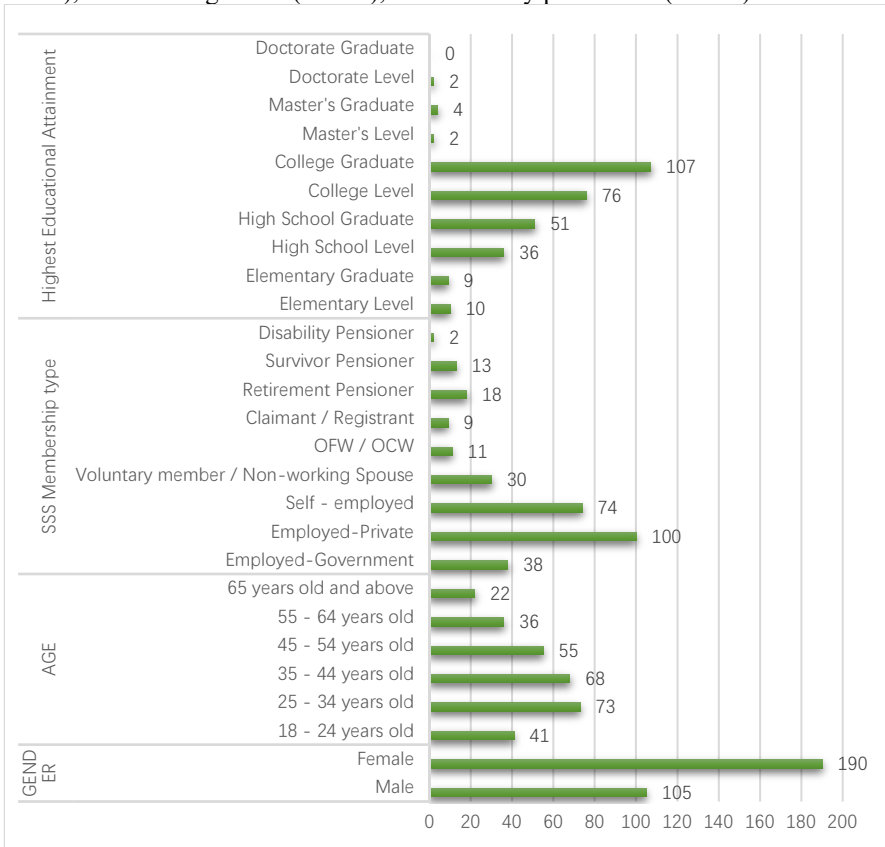


Fig. 1. Demographic Profile of the Participants

The demographic profile highlights that the majority of customers transacting with SSS offices are young to middle-aged females, primarily employed in the private sector and with higher education levels. This only suggests that SSS offices in Caraga Region cater predominantly to economically active individuals. The results also conform to the data of Philippine Statistics Authority (2024), wherein more women are college graduates than men across all provinces in Caraga Region[4], and to the data of Social Security System (2023) wherein generally of SSS members are employed individuals.

Based on the demographic findings, age-specific outreach initiatives, such as digital literacy programs for older customers, should be implemented, and accessibility for retirees and pensioners should be enhanced. Customize communication strategies to match the educational levels of customers, ensuring clarity in the presentation of services and benefits.

Figure 2 shows the quality of services offered by SSS offices assessed across nine dimensions in terms of availability, accessibility, capacity, assurance, responsiveness, reliability, empathy, tangibility, and service recovery ranging from 4.28 to 4.37, signifying positive perceptions. The level of customer satisfaction is measured in four dimensions, with all scores falling within the "Agree" range, reflecting a generally positive experience.

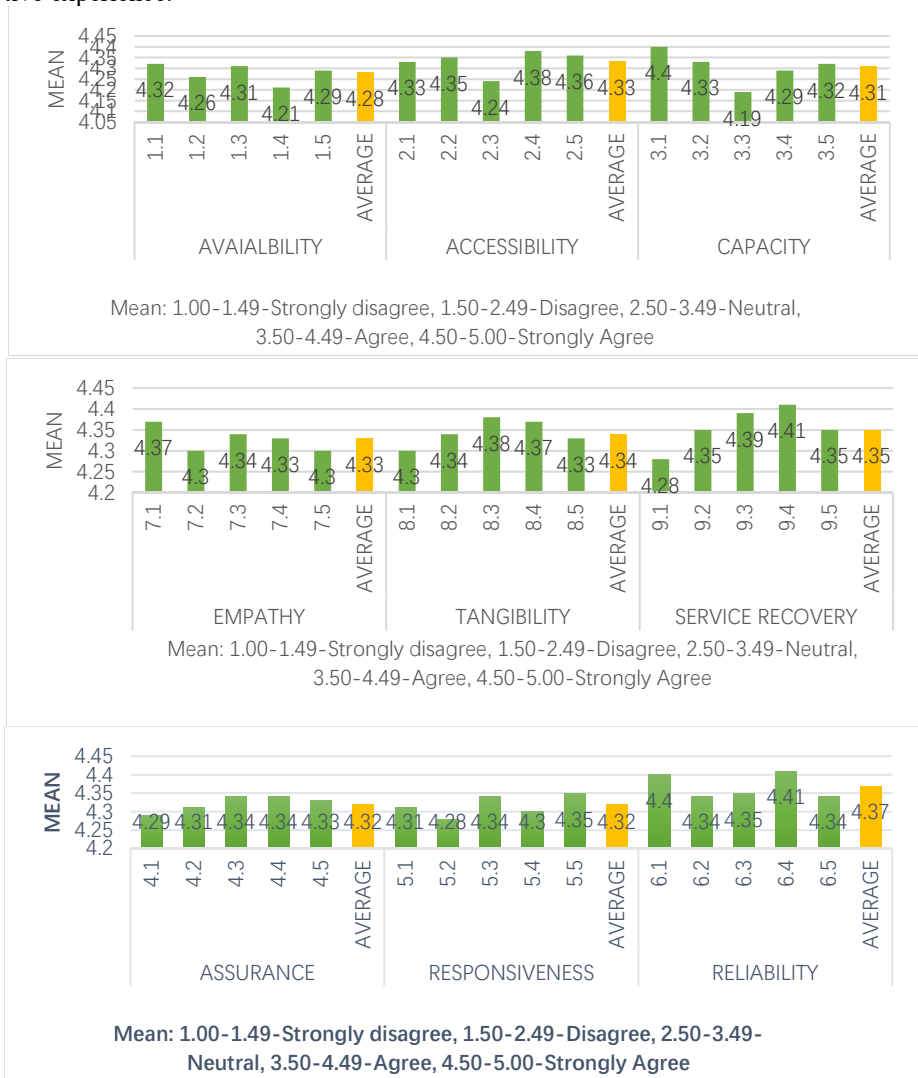


Fig. 2. Quality of Services Offered by SSS offices in Caraga Region

In the study [5] on public service delivery of local government units, empathy and responsiveness in public service often lag due to bureaucratic constraints. In another study [6] determining the service quality and customer satisfaction of public transport

operations, the dimensions of their study were characterized along the lines of tangible and intangible for transport users to evaluate the service quality of the system. These findings suggest that SSS branches may enhance the quality of services they offer for each service dimension, including importance and relevance, comfortability, and satisfaction monitoring.

Figure 3 shows the level of customer satisfaction measured in four dimensions, with all scores falling within the "Agree" range, reflecting a generally positive experience. Importance: Scored 4.39, customers acknowledged the significance of SSS services in meeting their needs and ensuring their satisfaction. The perceived importance of these services reinforces their value to the community. With the highest satisfaction score of 4.42 (Comfortability), participants appreciated the comfortable environment and professional interactions in SSS offices. This includes physical amenities and the courteous demeanor of staff. A mean score of 4.38 (Relevance) reflects the alignment of SSS services with the specific needs and expectations of customers. Relevance plays a key role in ensuring that the agency's offerings are impactful and meaningful to its clientele. Satisfaction: Scored at 4.39, overall satisfaction indicates that participants found the services provided by the SSS to be fulfilling and aligned with their expectations.

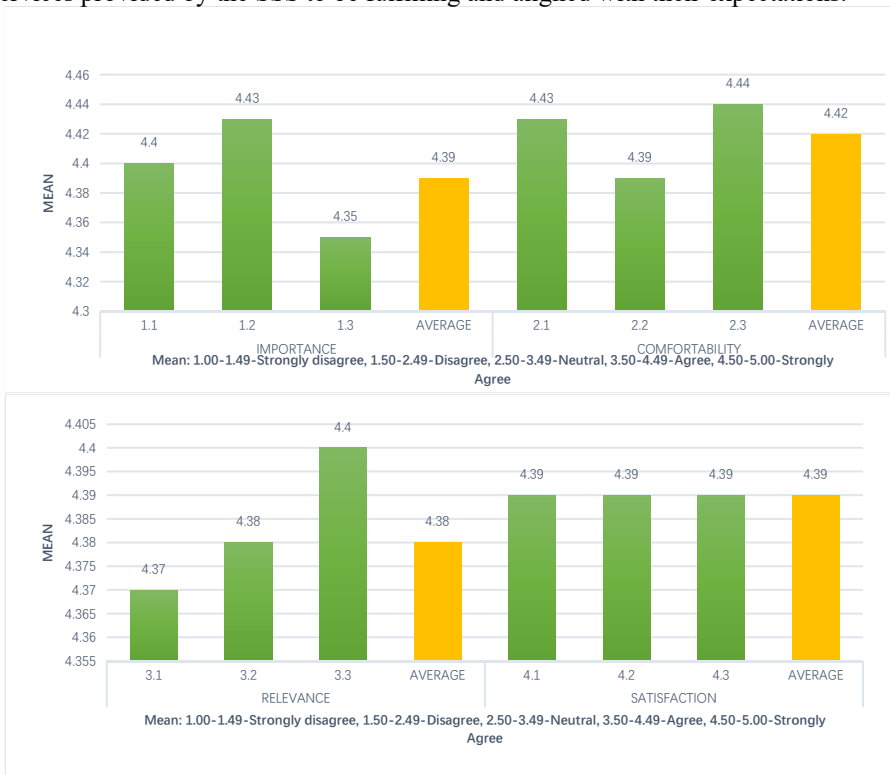


Fig. 3. Level of Customer Satisfaction with the Offered Services as Assessed by the Participants

The high satisfaction scores in importance, comfortability, relevance, and overall satisfaction, resonate with [7] conclusions on the emotional impact of good service quality on customer satisfaction. Service quality exerts both direct and indirect effects (through emotional satisfaction) on behavioral intentions.

This high level of satisfaction, combined with positive perceptions of service quality, indicates that SSS is effectively meeting customer expectations in many areas. However, there are opportunities for further enhancement, particularly in terms of responsiveness and service delivery times. SSS branches may strengthen customer satisfaction efforts in importance and relevance, comfortability, and satisfaction monitoring.

Table 1 exhibits the significant relationship between quality of services and customer satisfaction. With $R=0.813$, the relationship is strong. This shows that improving the Quality of Service substantially and positively affects Customer Satisfaction. The p -value of 0.000 is highly significant ($p < 0.05$), meaning the relationship is statistically significant and not due to chance. While positive correlations are common in the same studies, the strength of this relationship in this study is exceptionally high. Other research often reports moderate to strong correlations (e.g., $r = 0.5-0.7$) but not to this degree. It also confirms a meaningful correlation, validating the importance of Quality of Service in driving Customer Satisfaction.

Table 1. Significant relationship between quality of service and customer satisfaction

Variable	Customer Satisfaction		
	Pearson's r	p -value	Remark
Quality of Service	0.813	0.000	Significant

tested at $\alpha = 0.05$ level of significance using Pearson's r correlation.

In view of the results above, the mediating role of customer satisfaction in the relationship between quality and loyalty finds a significant positive relationship[8]. The study also of [9] found a strong correlation between service quality and customer satisfaction ($r = 0.78$), highlighting how consistent quality of service delivery can drive customer satisfaction. The analysis contrasts with the hypothesis that there is no significant relationship between Quality of Service and Customer Satisfaction. This result underscores the importance of maintaining high standards in all aspects of service delivery, as it directly impacts customers' overall satisfaction.

Table 2 presents the regression analysis of quality of service and customer satisfaction. The simple linear equation type of Regression analysis was used in analyzing the data gathered; the Equation is $Y=\beta_0+\beta_1X+\epsilon$ wherein Y represents customer satisfaction while β_0 represents the baseline value of Y (Customer Satisfaction) when X (Quality of Service) is zero, and β_1 represents the regression coefficient. Data revealed that the quality of services significantly influences customer satisfaction, with a coefficient of 0.722 and a p -value of 0.000, meaning each unit increase in Quality of Service raises Customer Satisfaction by 72.2%, and the remaining 27.8% can be attributed to some other factors. On the other hand, the p -value of 0.000 confirms that this relationship is statistically significant and not due to random chances.

Table 2. Regression analysis of quality of service and customer satisfaction

Variable	β Coefficients	Standard Error	t –Statistic	p-value	Remark
(Intercept)	1.271	0.132	9.613	0.000	Significant
Quality of Service	0.722	0.030	23.900	0.000	Significant

Note: $R^2 = 0.661$ ($Df = 1, F = 571.206, p < 0.000$), *dependent variable*= Customer Satisfaction

This result demonstrates that service quality is a key determinant of customer satisfaction, underscoring the importance of continuous improvements in service delivery to maintain high levels of satisfaction. This positively aligned with the study examining the service quality and their customers' satisfaction, analysis indicating that service quality significantly affects only customer satisfaction[10].

The management may regularly assess how changes in service quality impact satisfaction through quarterly evaluations. Implementing a Quality and Satisfaction Dashboard would allow SSS to monitor real-time data, prioritize and address concerns effectively, and identify areas needing improvement.

5 Conclusions

The demographic characteristics of the SSS customers in the Caraga Region predominantly consist of young to middle-aged individuals, with females representing the majority of customers. This demographic pattern highlights that women are the primary users of SSS services in the region, which may reflect broader socio-economic trends, such as greater participation of women in the workforce.

For the quality of services assessed by customers, reliability stands out as the strongest dimension of service quality, reflecting customers' trust in the accuracy, consistency, and dependability of SSS services. This shows that SSS has successfully built a reputation for reliability, an essential attribute for a government service provider. Empathy also receives strong ratings, showing that SSS staff are viewed positively in their efforts to understand and respond to customer concerns. This suggests a customer-friendly approach within the organization, where personal interactions are valued. Other dimensions, such as availability, accessibility, and capacity, while rated positively, show room for improvement, particularly in reducing waiting times and improving online service accessibility. These aspects are key for customers who value convenience and efficiency in their dealings with the institution.

Customer satisfaction with SSS services is high. Participants say that the services provided by SSS are of significant importance to their lives, and they are generally comfortable with the quality and accessibility of the services. The relevance of SSS services to their specific needs is also rated highly, demonstrating that the services offered are perceived as directly contributing to customers' financial security and well-being.

A strong positive relationship between service quality and customer satisfaction is evident. The correlation suggests that as the quality of service improves, customer satisfaction also increases.

The regression analysis further confirms that service quality significantly influences customer satisfaction, indicating that improvements in areas such as responsiveness, capacity, and online service availability will likely result in enhanced customer satisfaction levels. The findings emphasize the importance of maintaining a customer-centric approach in all service interactions. With high levels of customer satisfaction and positive ratings for empathy and reliability, it is clear that SSS customers value personalized, efficient, and trustworthy services. Moving forward, further improvements in service speed and online accessibility would strengthen this customer-focused approach.

These conclusions highlight the strengths of SSS in providing reliable and empathetic services while identifying key areas where service delivery can be enhanced to improve customer satisfaction further. By focusing on both the quality of services and the customer experience, SSS can continue to build trust and satisfaction among its diverse clientele.

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