Good health is one of the most important pre-requisite to human productivity which in turn leads to overall development of a society. Healthcare is a fundamental requirement of every individual in the modern world as part of the rapid pace of modern society economically, socially, environmentally, legally and technologically. The aim of this paper is to study the perceptions of foreign workers’ in Saudi Arabia regarding the implementation of cooperative health insurance programme and the most influential factors that relate to their satisfaction with cooperative health insurance. The methodology heavily relied on existing previous literatures on the subject being dealt with. The study is expected to have contribution to the whole body of research on the field of customer satisfaction in the insurance industry and the different factors associated with its provision. This would in turn contribute to a better service quality and in turn more satisfied and loyal customers.

**INTRODUCTION**

Good health is one of the most important pre-requisite to human productivity which in turn leads to overall development of a society. Health is understood as the indispensable basis for defining a person’s sense of well-being and is regarded as an important resource for a nation to pursue national development goals. Good health raises the productivity of the labour force and enhances economic growth. It plays a critical role in supplementing government effort in ensuring the availability and accessibility of health care services to the population (Kansra & Pathania, 2012).

However, countries around the globe are gripped with communicable and non-communicable diseases as a result of the changing life styles of individuals while on the other hand, health care costs are escalating making access to quality health care difficult. It is through a suitable coverage by way of health insurance that individuals cope up with such situations (Kansra & Pathania, 2012).

Thus, the present study attempts to evaluate one of the types of health insurance in Saudi Arabia, namely Cooperative Health Insurance (CHI) from the perspective of the customers who are covered by this programme. To achieve this goal, this chapter is constructed in a way that responds to this goal. Specifically, the chapter begins with the background of the study in which an introduction about the healthcare system, particularly the health insurance system in Saudi Arabia is presented. As the focus of the study is on the CHI program for foreign workers, an overview on foreign workers and the CHI programme in Saudi Arabia is then presented. The chapter proceeds with the statement of the problem followed by the research objectives and research questions. Significance of the study is then presented and the chapter concludes with some definitions of related terms. Specific research questions will then be presented and the chapter concludes with some definitions of related terms. Specific research questions will also be identified, and the significance and scope of this study will be explored.

Infusion of foreign workers is a fact of today's globalised world and increasingly a necessary component of economic and social development everywhere in world. In Saudi Arabia this infusion of workers involves a diverse group of people that are actively contributing in development of different economy sectors (Anita, 2006) including insurance for healthcare services (Mufti, 2000).

The existence of foreign workers in the country is highly important for the Saudi economy keeping in mind that Saudi nationals tend to avoid many types of works like labour and technical field work. The Saudi worker is not motivated to maintain their position in lower-rank jobs. In addition, a report revealed that one fourth of the native Saudi employees are often absent at work and this leads to high turnover (Al-Kibis et al., 2007). This means that foreign workers in Saudi Arabia are the real force and drive of the Saudi economy keeping in mind...
that these individuals came to the country mainly to work and earn their living which means that their work is their priority.

Although health is a fundamental human right for all, foreign workers in Saudi Arabia have been either deprived of this or under the insurance of the MoH in Saudi Arabia which formed pressure on the Saudi economy (Walker, 2009). Taking into account that one third of the people living in Saudi Arabia are foreigners and keeping in mind the rapid increases in the cost of healthcare, this exerted pressure that convinced the government to implement CHI in which Saudi employers were required to provide health insurance for their workers sharing this responsibility with the Saudi government (Mufti, 2000).

The CHI program was put in place to address healthcare needs of foreign workers in Saudi Arabia who were not covered by the government-based coverage available to Saudi citizens. CHI is a framework put in place to assist in health payment by policyholders, who pool their resources collectively thus realizing overall cost reductions (Drechsler & Jütting, 2005). The Saudi Compulsory CHI program for foreign workers requires most employers to provide commercial health insurance to cover their employees. This in effect helps transfer some of the costs of providing healthcare from the state to the employers (AL-Haider & AL-Turkei, 2004).

However, the development of compulsory CHI and private insurance for foreign worker employees has faced particular challenges and problems (Nyman, 2003). Among the critical problems are:

a. Inadequate data and lack of standardized health reporting systems, making it impossible to develop statistical analysis of how efficient the Saudi health-care system is as a whole (AL-Haider & AL-Turkei, 2004).

b. Inadequate individual health records and health status information, causing difficulties in underwriting and establishing insurance risks (Mufti, 2000).

c. Limited and inconsistent data regarding the operational performance of insurers, their expenditures, population covered, premiums charged, and the impact of health insurance on the healthcare system (Cordesman, 2003).

d. Insufficient healthcare infrastructure, particularly in remote regions of the country, making healthcare access difficult or impossible (Nyman, 2003).

In the context of Saudi Arabia, as of 2011, some 26 insurance companies have been certified as participating managers for the CHI program. It was expected that healthcare costs would drop or at least increase at a slower rate because the insurance company management would be able to negotiate lower prices. However, the implementation of CHI has resulted in higher healthcare costs, though it is uncertain if those costs would be even greater if CHI had not be put in place. Cost containment has been only marginally successful under CHI, something that reflects a global rise in healthcare costs. For example, healthcare services have risen typically 5 to 10% per year in the past several years (Barakah & Alsaleh, 2011).

Another issue with the CHI has been that the lack of adequate formal regulatory oversight has resulted in some of the participating insurers flouting Shariah laws and not providing sufficient transparency in the cooperative (Barakah & Alsaleh, 2011) and difficulty in preventing cherry-picking, skimming, cost and premium escalation, as well as fraud (Drechsler & Jütting, 2005).

1.1 Distribution of Foreign Workers:

As far as research is concerned, a sample refers to a group of people, objects, or items that are taken from a larger population for measurement purposes. To ensure that the findings from the research sample can be generalized to the population as a whole, the sample should be representative of the population (Bryman, 2008). Two main sampling techniques emerged in the literature on research methodology, probability sampling technique and non-probability sampling technique. Probability sampling technique is used in a way as to represent the whole population and such technique normally provides the most valid or credible results because they reflect the characteristics of the population from which they are selected (Cohen et al., 2000). However, in some cases, it is not always feasible or possible to include all the individuals in the population of the research and in this way, a non-probability sampling technique is advised especially when the population of the study is too large to be included in the survey method (Cohen et al., 2000).

In the present research, the population involved with this study includes the foreign workers in Saudi Arabia who are enrolled in CHI programme. There are around 8 million foreign workers residing in Saudi Arabia most of which are enrolled in CHI schemes keeping in mind that most employers in Saudi Arabia are required to ensure that their employees are covered with CHI plan so that work permits could be issued. The following table (Table 1) represents the foreign workers in Saudi Arabia together with the cities and regions where they work.

In this study, a probability sampling technique known as the stratified sampling technique is utilised to select the respondents for this study. Stratified random sampling involves categorizing the members of the population into mutually exclusive and collectively exhaustive groups. After that, an independent simple random sampling is drawn from each group (Kadilar and Cingi, 2005). Stratified sampling techniques can provide more precise estimates when the population being surveyed is more heterogeneous than the categorized
groups. This sampling technique can enable the researcher to determine desired levels of sampling precision for each group, and can provide administrative efficiency (Kadilar and Cingi, 2005).

### Table 1: Distribution of Foreign Workers in Saudi Arabia.

<table>
<thead>
<tr>
<th>Saudi Arabia Foreign Worker Province</th>
<th>Total Number of Foreign Workers</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh (central)</td>
<td>2,400,010 million</td>
<td>34%</td>
</tr>
<tr>
<td>Makah (west)</td>
<td>1,442,668 million</td>
<td>20.8%</td>
</tr>
<tr>
<td>Alshargiah (east)</td>
<td>1,403,992 million</td>
<td>20.34%</td>
</tr>
<tr>
<td>Aljuf (north)</td>
<td>1,014,853</td>
<td>1.4%</td>
</tr>
<tr>
<td>Asser (south)</td>
<td>298,782</td>
<td>3.34%</td>
</tr>
<tr>
<td>Alqseem</td>
<td>445,516</td>
<td>6.42%</td>
</tr>
<tr>
<td>Hial</td>
<td>169,297</td>
<td>2.44%</td>
</tr>
<tr>
<td>Tabuk</td>
<td>79,789</td>
<td>1.15%</td>
</tr>
<tr>
<td>Alhaha</td>
<td>46,469</td>
<td>0.67%</td>
</tr>
<tr>
<td>Alhudud</td>
<td>44,853</td>
<td>1.46%</td>
</tr>
<tr>
<td>Jazan</td>
<td>94,309</td>
<td>1.37%</td>
</tr>
<tr>
<td>Nagaran</td>
<td>129,938</td>
<td>1.87%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,886,956 million</td>
<td>100%</td>
</tr>
</tbody>
</table>

In this study, respondents are divided into two main categories, namely professional foreign workers and non-professional foreign workers. Professional foreign workers are those who work in professional jobs such as doctors, nurses, teachers, engineers, technicians, salesmen, etc. Non-professional workers are those working in labour jobs such as factory workers, cleaners, construction workers, etc. It is easy to know the job category of foreign workers in Saudi Arabia as the two categories (professional/non-professional) are written in their ‘Iqama’ which is the visa pass of residency in the country.

2. **Healthcare Financing In Saudi Arabia:**

Healthcare is a fundamental requirement of every individual in the modern world as part of the rapid pace of modern society economically, socially, environmentally, legally and technologically (Drechsler & Jütting, 2005). Globally, healthcare has received a considerable amount of resources geared towards promoting good health. In most nations, healthcare is considered a fundamental human right for every individual (C.I.A., 2010). One key strategy to promote and ensure good health in many nations is health insurance (Mufti, 2000).

There are multiple ways in which health insurance program can be structured within a society, among other are cooperative health insurance, employer-paid health insurance, and individually purchased health insurance (H.S.F & EIP, 2004). The Kingdom of Bahrain, for example, provides, per the nation’s constitution, comprehensive healthcare for all Bahraini citizens and provides most healthcare for foreign workers and foreign residents of the Kingdom (Hamza, 2008). Overall, in 2007 the Bahrain government covered more than 70% of all healthcare costs for those in the country, whether citizen or foreigners, with private insurance paying about 5% of costs, and individual out-of-pocket expenses covering the remaining healthcare expenditures (Hamza, 2008).

The explosive growth of non-citizen workers and residents in the nation, combined with worldwide increases in the overall cost of healthcare, have caused the financial burden of such universal healthcare to grow, leading Bahrain to consider requiring the provision of health insurance to all foreigners in Bahrain as a condition of obtaining residency rights; this could be via either a financial arrangement with the country’s Ministry of Health or a contract with a private insurance company (Hamza, 2008).

Similarly, Saudi Arabia has witnessed a dramatic increase of foreign workers and residents in the past few decades which also put pressure on the country’s economy. In Saudi Arabia, expenditure on health insurance as a percentage of total expenditure on healthcare was 76.2%, and private expenditure was 23.8% (Walker, 2009). The following figure (Figure 1) shows the Ministry of Health expenditure as a percentage of the Saudi GDP between 2005 and 2010.

The percentage of GDP total expenditure spent on healthcare in 2008 was 5.6 % (MOH, 2008). Figure 1 shows how the Ministry of Health budget has increased as a percentage of the Saudi GDP in the years from 2005 to 2010. The trend line on the figure illustrates the problem of rising healthcare costs faced by the Saudi Ministry of Health (MoH). The following figure (Figure 2) illustrates this more strongly, with actual MoH budget for the same period charted in Saudi riyals.

In response to the pressure put on the country’s economy due to the fact that foreigners and citizens alike were covered in the insurance provided by the Ministry of Health, the Saudi government introduced a number of changes in healthcare provisions in the country. One of these changes is the introduction of the Cooperative Health Insurance Act (CHI) which made it compulsory for all non-Saudi nationals working in the country to be provided with employer-paid health insurance. The CHI act required that those who did not comply would be penalized with fines and the refusal to renew work permits. By 2008, this requirement had been extended to all Saudi nationals working in the private sector. CHI applies to most of the 5.5 million foreign workers in Saudi
Arabia, with the specific exception of those foreign workers hired by households as maids, nannies, and other household labour (Walker, 2009).

Moreover, there has been recent promotion and development for private health insurance through the liberalization of insurance services and by the extension of existing schemes to a wider population (C.I.A., 2010). The provision of private coverage for foreign workers in Saudi Arabia is merely the first step towards additional private involvement in the healthcare system (AL-Haider & AL-Turkei, 2004). Health insurance thus has become a key interest of the government and people of Saudi Arabia (Nyman, 2003).

3. Foreign Workers And Cooperative Health Insurance In Saudi Arabia:

The Kingdom of Saudi Arabia is surrounded and bordered by Arabic countries and the Red Sea (Stevens, 2003). The Kingdom is divided into thirteen provinces; Riyadh is its capital city (Walker, 2009). Currently, the population of the Kingdom is 27,136,977 million, with 8,429,401 million foreign workers in Saudi Arabia (CDSI, 2011). These foreign workers include 1.5 million household workers, the majority of whom are Indonesians, Sri Lankan, Nepalese, or Filipinos, with a small number from other African and Asian countries (Mufti, 2000).

The population of the nation is growing at a very high rate, about 3.1% per year, one of the highest in the world (Barakah & Alsaleh, 2011). This population increase has led to a similar growth in foreign worker residents in the country to assist with infrastructure development as well as to handle certain types of jobs that Saudi citizens are reluctant to handle such as household positions that are considered demeaning in the Saudi
culture. Foreign workers in Saudi comprise of workers from different nationalities and countries; the following table (Table 1.1) lists the countries where foreign workers in Saudi Arabia come from and their numbers in the country.

Table 2: The number of foreign workers and their countries in Saudi Arabia.

<table>
<thead>
<tr>
<th>Foreign Worker's Country of Origin</th>
<th>Total Number of Foreign Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1.5 million</td>
</tr>
<tr>
<td>Egypt</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Filipino</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Yemen</td>
<td>600,000</td>
</tr>
<tr>
<td>Jordan</td>
<td>500,000</td>
</tr>
<tr>
<td>Syria</td>
<td>400,000</td>
</tr>
<tr>
<td>Lebanon</td>
<td>300,000</td>
</tr>
<tr>
<td>Sudan</td>
<td>300,000</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>150,000</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>200,000</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>200,000</td>
</tr>
<tr>
<td>Europe</td>
<td>150,000</td>
</tr>
<tr>
<td>North America</td>
<td>50,000</td>
</tr>
<tr>
<td>Other countries</td>
<td>600,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>8.3 million</strong></td>
</tr>
</tbody>
</table>

Among the 8.3 million foreign workers stated in the table above, 49.1% work as technicians in technical fields, 44% of these workers work as labour, 5.4% work as specialists, and finally, 0.18% of these workers work in the top management category. The following figure (Figure 1.3) shows the categories of foreign workers in Saudi Arabia.

In response to the dramatic increase of foreign workers in Saudi Arabia, the Cooperative Health Insurance Act of 1999 was established in which most employers of foreign workers within Saudi Arabia were required to provide health insurance as a condition of the government issuing residency permits for the workers (Alkahtani, 2008). The implementation of the Act began in July 2006, with the intervening period from passage to that time used to establish the necessary frameworks for the law’s implementation such as licensing the needed insurance providers for operation in the Kingdom (Alkahtani, 2008). The CHI Act also described the minimum levels of coverage this insurance had to provide, and specified the workers who must be covered by such insurance. Specifically excluded from the provisions of this act, for example, were those foreign workers hired as household help, such as housemaids and nannies.

Quality coverage for all is ensured under CHI by having a basic benefits package that all providers must offer, with additional optional coverage acceptable if employers wish to provide it. Exclusions from basic benefits are such services as maternity coverage, dental care, prescription drugs, and out-of-country treatments (Hamza, 2008). Another exclusion from CHI is work-related injuries, since those are already covered under government programs (Hamza, 2008). Plastic surgery, intentional self-injuries, drug and alcohol-related problems, rehabilitation and physiotherapy services, sexually transmitted disease care, pregnancy and delivery care for unmarried females, acne treatments, obesity treatments, organ transplants, vision care, mental health services, allergy costs, and fertility treatments are all excluded from the basic care package (though, again, employers may choose to offer additional coverage beyond the basics) (Alkahtani, 2008).

There are some workers, however, who may not receive coverage under CHI. They are groups of “disadvantaged” workers. Specific sets of disadvantaged individuals include:

a) Domestic workers (i.e., maids, housecleaners, etc.,
b) The elderly, and 
c) High-risk individuals or those with pre-existing conditions.

For example, high-risk individuals might include workers with chronic illnesses who change jobs may find that their new employer’s insurance company is unwilling to cover the condition that was covered under the previous job (Hamza, 2008).

One important issue for CHI is that Saudi Arabia is an Islamic country and the insurance program must therefore be in accord with Islamic law. CHI has been found to be consistent with the Shariah law and has been sanctioned by current legal opinion (Mufti, 2000). The characteristics of these are based on key principles of Shariah, which include the concepts of mutuality and cooperation (Barakah & Alsaleh, 2011). These principles require that the insurance have the characteristics of shared responsibility, joint indemnity, common interest and solidarity, and freedom from Islamic taboos. These latter elements include requiring the system to lack any type of gambling, uncertainty, or financial interest. Thus, the insurance program is established as a cooperative insurance in which everyone pays a certain amount into the program in terms of premiums, and those premiums cover the healthcare costs of those covered by the program. The CHI also specifically prohibits profit-generation as a motivation for the insurance, but replaces it with the idea of sharing the burden of others. Uncertainty is reduced by having all participants give a certain amount of their premiums as a “donation” to the program to assist its operations. Management of the cooperative is subcontracted out to an insurance company, which is permitted to charge a management fee to operate the insurance exchange. Financial surpluses are refunded to participants when they leave the program, and financial losses can require additional premiums to be paid (Barakah & Alsaleh, 2011).

According to the Saudi Minister of Health in 2011, the primary goals of establishing the CHI were to improve and develop the healthcare sector of the Saudi economy while staying within the Islamic principles of Shariah (i.e., Islamic law) and Islamic culture, while ensuring that Saudi citizens were not overly burdened by healthcare expenses. These goals dictated that the program would be a cooperative health insurance program and not a purely commercial one (Barakah & Alsaleh, 2011).

The key element of the CHI program was that it made participation in health insurance mandatory in the Kingdom (Barakah & Alsaleh, 2011). Although it started with foreign workers in Saudi Arabia, it has gradually expanded to extend to nearly all Saudi workers over several implementation phases and there are attempts by the Saudi government to gradually include the Saudi citizens in the coverage of CHI (Council of Cooperative Health Insurance, 2013). By 2011, some 8.3 million foreign residents and citizens were covered using CHI.

The development of health insurance presents both opportunities and threats to the healthcare system of developing countries (Hall, 1994). If health insurance (HI) is carefully managed and modified according to local needs and preferences, it will complement the existing health-financing options (H.S.F & EIP, 2004). However, the introduction of HI may possibly also lead to cost escalation, deterioration of public services, reduction of the provision of preventive healthcare and a widening of the rich-poor segregation in medical system of the country (Nyman, 2003).

Taking these risks into consideration, a fundamental challenge for policy makers is to develop a regulatory framework shaped according to institutional capacities of the country and, laying down the rules (C.I.A., 2010). Because of the reliance of the Saudi society on foreign workers at all levels, from professionals to day laborers, it is important to understand how the required health insurance coverage mandated by CHI is perceived by these foreign workers.

4. Conclusion:

It has been mentioned earlier that customers’ perceptions on the satisfaction with health insurance programmes such as the CHI have mostly been examined in Western countries context while emerging and developing countries were left with limited research. This means that our understanding of how the construct operates and interplay depends largely on the theories and revelations of Western scholars and theories. This is not to say that such theories are not useful in the emerging countries context, it is just they might not provide a deeper understanding about the factors that influence customers’ satisfaction with health insurance in such emerging countries taking into account the cultural differences between nations and countries. Thus, the present research attempts to fill in the gap by conducting a study on customers’ satisfaction with the implementation of CHI in an emerging country, namely Saudi Arabia. This would provide a cross-cultural understanding of how the construct of customer satisfaction is perceived in an emerging countries context such as Saudi Arabia.

Apart from that, it has also been mentioned that the literature on customers’ satisfaction with health insurance services focused on investigating customers’ perceptions in relation to a number of antecedents and the way these antecedents relate to customers’ satisfaction. However, limited research attempted to examine the impact of moderating factors on the relationship between the antecedents and customers’ satisfaction. The present study, however, takes a step further by examining the moderating impact of two important variables, namely knowledge and culture and the way these variables affect the relationship between the antecedent factors and customers’ satisfaction. The inclusion of the moderating variables of knowledge and culture in the study’s
framework came as a response to a recommendation given by Sivesan (2012) who recommended that the construct of knowledge is included for future researchers who would attempt to conduct research studies on service quality and customer satisfaction link in the insurance industry.

The present research is expected to be significant for healthcare customers in Saudi Arabia, namely the foreign workers in the country. This is because satisfaction has become an important measure for outcomes assessment research. In the new role of marketing, as is the case in outcomes assessment, patient satisfaction is used to assess the quality of care from the patients’ perspectives. For marketing and administrative purposes, satisfaction is useful for patient compliant management and as baseline data for foreign worker benefit. For outcomes assessment purposes satisfaction, it is becoming a measure of performance evaluation in the delivery of healthcare services. It can be used as a goal for reimbursement and other rewards incentives.

Finally, it has been stated earlier that the Saudi government represented by the MoH have plans to apply CHI on all Saudi citizens in the near future (Council of Cooperative Health Insurance, 2013); thus, it is believed that the study will help policy makers who are in charge of making these changes to the structure of CHI to include Saudi citizens in the coverage to be exposed to the current customers’ perceptions and evaluations of the performance of CHI through viewing their satisfaction level with CHI. This will in turn help these policy makers to direct their strategies in a way that leads to better customer satisfaction and in turn better performance of the CHI programme.

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