THE ANTECEDENTS AND CONSEQUENCES OF SERVICE QUALITY IN THE HEALTH INSURANCE INDUSTRY IN SAUDI ARABIA

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THE ANTECEDENTS AND CONSEQUENCES OF SERVICE QUALITY IN THE HEALTH INSURANCE INDUSTRY IN SAUDI ARABIA

By

ALAWNI MOHAMMED SAAD

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ABSTRACT

The main purpose of this study was to investigate the antecedents and the consequences of service quality in the Saudi health insurance industry. Specifically, it aimed at investigating both the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty, and the moderating effect of corporate image on the relationship between service quality and customer satisfaction. The motivation for this study was driven by the inconsistent findings in the literature concerning the relationships between the antecedent and the consequences variables related to perceived service quality. Due to these inconsistencies, a new research stream emerged which suggests investigating the effect of possible mediating and moderating variables that may better explain such inconsistencies. Accordingly, this study has integrated different theories such as the expectancy-disconfirmation theory, service quality theory and social exchange theory to map and position the possible relationships between the variables in the conceptual framework. The study utilized a survey questionnaire which was randomly distributed to 800 customers of 3 major insurance companies in Saudi Arabia. Out of the 420 returned questionnaires, 400 were found to be complete were and used in the analysis. Correlation and hierarchical regression analysis were used to analyze the direct and indirect relationship between the related variables in the study. The results revealed that communication, information and communication technology (ICT), customer knowledge and prior experience were positive determinants of perceived service quality. Moreover importantly, the mediating effect of customer satisfaction on the relationships between perceived service quality and customer loyalty was confirmed by the findings. This study also found that there was a moderating effect of corporate image on the relationship between service quality and customer satisfaction. Finally, managerial, policy and theoretical implications as well as directions for future research were discussed.

Keywords: antecedent variables of service quality, corporate image, customers’ satisfaction, customer loyalty, Saudi insurance industry
ABSTRAK


Kata kunci: pemboleh ubah anteseden kualiti perkhidmatan, imej korporat, kepuasan pelanggan, kesetiaan pelanggan, industri insurans Arab Saudi
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In the name of ALLAH, the most gracious, the most merciful. Praise be to
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<td>Customer-To-Customer</td>
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<td>CC</td>
<td>Communication</td>
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<td>CCHI</td>
<td>Council of Cooperative Health Insurance</td>
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<td>CI</td>
<td>Corporate Image</td>
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<td>CK</td>
<td>Customer Knowledge</td>
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<td>EM</td>
<td>Empathy</td>
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<td>EWOM</td>
<td>Electronic Word-Of-Mouth</td>
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<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>ICT</td>
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<td>LY</td>
<td>Customer Loyalty</td>
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<td>NCCI</td>
<td>the National Company for Cooperative Insurance</td>
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<td>PE</td>
<td>Prior Experience</td>
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<td>PSQ</td>
<td>Perceived Service Quality</td>
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<td>RL</td>
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<td>ROE</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The delivery of a suitable service quality has a key role in service industry particularly, insurance industry as service quality is significant to these firms’ survival and profitability (Urban, 2009). Zeng et al. (2010) argued that service quality is a critical issue in securing customer satisfaction in most service industries. Owing to the heightened role of service organizations in the economy, and the significance of services in competitive environments, service organizations like the insurance companies should strategically manage service qualities and clearly comprehend service quality, customer expectations and basic quality specifications (Al-Rousan & Mohamed, 2010).

Service quality has developed to become a top instrumental co-efficient in the dynamic competitive market. Hence, in order to succeed and survive in this environment, any economic enterprise needs to deliver quality service (Sandhu & Bala, 2011). In a related study, Kara et al. (2005) stated that the delivery of quality service is important for any business in order to survive and succeed in today’s business environment. This is because once services delivered to customers are of high quality, this would ensure that these customers are satisfied with the services, and in turn would lead to the paramount goal of the company - customers’ loyalty (Tsoukatos, 2007).
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