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**Customer Satisfaction as a Strategic Resource:
Measuring its Role In Business Success**

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ABSTRACT:

Customer satisfaction has become a major strategic concern due to digitisation, a high level of competition, and high expectations in the context of Nepal's service industry. However, there exist very few studies regarding customer satisfaction as a strategic capability of the firm in the Nepalese context.

The purpose of this thesis is to provide answers to three research questions regarding customer satisfaction within the service industry in Nepal. First, how does customer satisfaction act as a strategic resource? Second, what are some of the limitations related to the measurement of customer satisfaction? Third, what are some of the organisational practices relating to strategic satisfaction management?

The methodology and research design employed are qualitative research, secondary data analysis, and a multi-case study. Regulatory reports, firm documents, scholarly articles and industry research have been used as sources of data for the banks, telecommunication and digital finance service providers in Nepal.

The results suggest that in Nepal, customer satisfaction is mainly driven by reliability and responsiveness, especially in sectors that depend on infrastructure. However, culturally embedded elements such as trust within the community, relationship continuity, and reputation play an important role in shaping the results of customer satisfaction. Another important aspect noted in the study relates to measurement difficulties including language differences, urban bias in data collection, the lack of benchmarking in the country, and the issue of silent dissatisfaction.

Based on the findings, this thesis proposes the Nepal Satisfaction Strategy Framework (NSSF) as a conceptual model involving the integration of the four factors of satisfaction measurement maturity, strategic integration, community trust infrastructure, and integration of digital and physical service.

Keywords: Customer satisfaction, Strategic management, Service industry, Nepal, Service quality, Digitalisation, Trust, Satisfaction measurement

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List of Abbreviations

Abbreviation	Full-form
SMEs	Small and Medium-Sized Enterprises
B2B	Business-to-Business
GDP	Gross Domestic Product
MoF	Ministry of Finance
IMEpay	International Money Express Pay
NRB	Nepal Rastra Bank
ACSI	American Customer Satisfaction Index
ECSI	European Customer Satisfaction Index
UKCSI	United Kingdom Customer Satisfaction Index
SERVQUAL	Service Quality
VRIN	Valuable, Rare, Inimitable, Non-substitutable
NPS	Net Promoter Score
CES	Customer Effort Score
NTA	Nepal Telecommunications Authority
NTB	Nepal Tourism Board
ICAN	Institute of Chartered Accountants of Nepal
SSPM	Satisfaction-Strategy Performance Matrix

CRM	Customer Relationship Management
RBV	Resource-Based View
NSSF	Nepal Satisfaction Strategy Framework
SDL	Service Dominant Logic
SID	Strategic Integration Depth
CTI	Customer Trust Infrastructure

1 Introduction

1.1 Background and Context

Nepal is an example of a country going through one of the most significant economic and social changes in the last two decades. Nepal, a landlocked South Asian country with a population of around 30 million lies between the two big economic country- India and China and it is in the verge of abandoning its historical subsistence farming and agricultural production based economy and shifting towards the service based growth model with the intensive growth in financial services, telecommunications, e-commerce, tourism and expenses of the consumer based on remittance (MoF, 2023; World Bank, 2023). This shift is altering the competitive environment of all sectors of the industry, and in the process, customer satisfaction is being changed into a strategic necessity, which was previously considered a secondary or optional need.

This thesis defines customer satisfaction as the person's feeling after the service experience, and evaluating the service by comparing perceived performance with expectations influenced by individual needs, previous experiences, and various social factors (Oliver, 1980, 1999). This is not the same as service quality, which is how good a company's service is. The quality of service is considered an input, and customer satisfaction is what comes out. Customer loyalty is a behavioural and attitudinal result that satisfaction might generate under the right circumstances, but it does not always happen. Trust is the belief that the service provider is honest and dependable. In the Nepalese culture, the word trust is closely related to the word 'biswas', which means a deep personal trust built over time, and this is the main way that satisfaction and loyalty are connected. A strategic asset is a resource or capability that meets the VRIN standards of the Resource-Based view: valuable in the creation of competitive advantage, not distributed among the competitors, difficult to replicate and cannot be replaced by alternatives (Barney, 1991).

The nominal GDP of Nepal has increased by NPR 2.47 trillion in fiscal year 2015/16 to NPR 5.63 trillion in fiscal year 2022/23 (MoF, 2023). This development has been led by the services sector, which contributes about 56% of GDP, followed by the industries of banking and financial services, wholesale and retail trade, and information and communication technologies, with the highest rates of sectoral growth (MoF, 2023; World Bank, 2023a). This services-based growth trend has not only increased competition in the service sectors but also enabled the consumers, especially the urban middle classes in the country, to have higher service quality standards and the ability to choose what to consume.

The Nepalese economy has transformed digitally since 2017, and especially after the COVID-19 pandemic in 2020/21. Around 74.8 per cent of the population has gained access to the mobile internet by mid-2023, which was only 38% of 2018 (NTA, 2023). In the fiscal year 2022/23, mobile banking users increased and reached an all-time high of 21.4 million users, which is over two-thirds of the adult population of Nepal (NRB, 2023). The transactions performed using the various digital payment platforms like eSewa, Khalti, IME Pay have increased between the fiscal year 2020/21 and the fiscal year 2022/23 (NRB, 2023). The expectation of the customer is changing as a result of increased digital adoption. As a result, customers are demanding convenience, immediacy, and personalisation from all other kinds of services and are building growing expectations of satisfaction across the economy.

Customer satisfaction has become an important factor to consider in Nepal's increasing service markets as the country is going through rapid economic change. In the banking industry, where 28 commercial banks have been cut down to 20 between 2020 and 2023 by the mandatory merger and acquisition programme (NRB, 2023), the competitive environment has been reshaped to a fundamental level; remaining banks now have to compete harder to secure the loyalty of their own customers. The long-established duopoly between Nepal Telecom (NTC) and Ncell is being challenged by infrastructure sharing requirements and the expected entry of a new player in the telecommunication

sector, thus forcing quality service and customer satisfaction to become a main competitive advantage point. In the digital payment industry, the dominating company eSewa is being challenged by Khalti and IME Pay, which have been competing on the basis of a differentiation strategy, with customer satisfaction and user experience being their centre of focus.

Although the strategic significance of customer satisfaction is increasing in the business environment of Nepal, it lacks proper study and research in the Nepalese market. The research on customer satisfaction in Nepal is very limited and dispersed (NRB,2023). Most of the published research focuses on sector-specific studies, usually banking or hospitality, based on small, convenience samples mainly gathered inside Kathmandu valley, and very few try to understand satisfaction as a strategic resource rather than an operational performance indicator. Nepal is undergoing digital and financial transformation, but fails to systematically discuss satisfaction management aspects of these changes. There is a prevalent practise in the market that has an informal and relationship-based nature of customer management, which shows Nepal's culture of personal trust and reputation in society, but they lack systematic measurement, analysis, and strategic integration required to use satisfaction as a long-term competitive advantage.

Despite all of these changes, very little academic research has been done to examine customer satisfaction as a strategic tool in Nepal. The majority of the studies only consider a single industry, use limited samples from Kathmandu, and consider satisfaction as a metric rather than a business strategy. This thesis seeks to address this gap by examining the effects of satisfaction as a strategic resource in three Nepalese service industries, such as banking, telecommunications, and digital financial services.

1.2 The Nepalese Market Context

To understand the concept of customer satisfaction in Nepal, it is necessary to understand the context of the structural, cultural, and institutional characteristics of the Nepalese market, which differentiate it from the Western market where most of the theory on customer satisfaction has been developed. This section organises those features into three dimensions.

1.2.1 Digital Transformation and Sector Competition

Since 2017, Nepal has experienced a high rate of digital adoption following the COVID-19 pandemic. By mid-2023, mobile internet penetration had reached 74.8 per cent of the population (NTA, 2023), and mobile banking and use of digital wallets had increased at very high rates. This online expansion has led to the increased competitiveness of service markets. The banks that have now been forced to undergo a merger must now earn customer loyalty by delivering quality service and not by presuming it. E-payment systems are highly competitive in terms of user experience. Customers of the telecoms compare the internet speeds in Nepal to what they are witnessing on social media and get frustrated. This context is relevant to the satisfaction strategy since digital transformation has an effect on expectations: once customers have the experience of the fast, seamless services provided to them digitally, their expectations of all services go up. It is also equivalent to the fact that those companies that invest in the capabilities that generate satisfaction (easy interfaces, quick response, dependable transactions, etc.) develop a true competitive advantage as compared to those that do not.

1.2.2 Geographic Inequality and Service Access

Due to the extreme geographic diversity of Nepal, which includes the southern terai plains, the middle hill area, and the high Himalayas in the north, there is significant variation in service access, infrastructure quality, and customer expectations. A customer using the banking service in the remote area of Karnali province, where the

physical branch of the bank might only be the contact method for financial services, has a very different expectation for satisfaction than a bank customer in Kathmandu Valley who regularly uses the mobile banking service. So, a different satisfaction measurement framework that has the capacity to take into consideration the regional variation is required due to geographic diversity. There is a gap between the rural and urban populations of Nepal in terms of digital literacy, income, and infrastructure, which creates a two-tier consumer market. So, the satisfaction measurement strategies used in the condition of urban, educated, digitally connected customers seem to be inappropriate in rural, less educated, and digitally constrained customers. Nepal is predominantly a rural country (CBS, 2021) with a population of 58 per cent in rural areas, and although digital adoption in rural areas grows faster, there is still a significant disparity in customer satisfaction between customers in rural and urban areas in all the service sectors.

1.2.3 Relationship-Based Consumption and Trust

The Nepalese society is culturally marked with collectivism and high power distance, highly focused on personal relationships and trust (known as *biswas*) and the high impact of community reputation and social norms on consumption decisions. All these cultural traits influence how satisfaction is expressed and formed in unique ways. In Nepal, consumers are more likely to consider service satisfaction as a social experience rather than an individual experience; the views of relatives, community elders, and peer groups play a significant role in both expectation and satisfaction assessments. In the Nepalese society, peer recommendation by family members and trusted community networks is the most significant factor in initial bank choice. The word of mouth in the community is thus stronger in Nepal than the formal advertisement and promotion.

High power distance produces what this thesis calls silent dissatisfaction - a situation where dissatisfied customers of powerful institutions, like a large commercial bank or a state-owned telecommunications operator, do not express their dissatisfaction formally because it is socially inappropriate or ineffective to do so, although the level of

dissatisfaction is high and defection intention is high. According to the survey on consumer protection carried out by NRB (2023), very few customers who claim to have been treated poorly attempt to make an official complaint. This implies that the complaints and even formal measures of customer satisfaction can make it look like customers are much happier than they really are, because dissatisfaction is mostly hidden. This is very important for measuring satisfaction and making plans. The businesses that are completely dependent on the complaint data and surveys will believe that their customers are happier than they actually are. The businesses should be able to identify silent dissatisfaction through the behavioural signals, such as switching rate, reviews and ratings online, instead of relying only on formal responses.

The three dimensions discussed above- digital transformation, geographic inequality and relationship-based trust -indicate that the theories and the measurement methods of customer satisfaction developed in the Western high-income market need a significant amount of modification to produce a valid result in the Nepalese context. Those models presuppose that the customer is deciding individually and has clear expectations beforehand, that they are free to complain when they are not satisfied, and that geographic access to services is not a limiting factor. All of these assumptions lack in the Nepalese context. It is one of the main research motivations of this thesis due to this possible mismatch. It is discussed in detail in Chapter 2 through the literature review, and the findings and discussion chapters employ it to justify why Nepal-specific adaptations are required.

1.3 Research Problem

The main research problem of this thesis is the lack of correlation between the increased strategic importance of customer satisfaction in the changing service economy of Nepal and insufficient theoretical frameworks, measurement possibilities and the organisational practices that the Nepalese companies can use to explore satisfaction as

a strategic resource. This problem has three specific dimensions that this thesis attempts to address.

The first one is contextual inadequacy; the prevalent theoretical and measurement models of customer satisfaction, which are created mainly in the context of North America and European markets, fail to explain the unique characteristics of the Nepalese market. Posit expectations-based formation of satisfaction model is more appropriate to adapt to settings that are highly characterised by power distance, consumer empowerment and several service alternatives, which in turn involve very high levels of adaptation to settings that are highly characterised by power distance, limited consumer protection, geographic service limitations, and a high degree of relationship-based consumption norms.

The second dimension is measurement underdevelopment: Nepal does not have a nationally standardised customer satisfaction index that can be compared to the ACSI (USA), ECSI (Europe), or UKCSI (UK). In the absence of such benchmarks, there is no way to monitor aggregate satisfaction patterns, to make credible cross-sector and industry-level comparisons, and to correlate satisfaction data with financial performance measures. When measuring customer satisfaction, the majority of Nepalese firms use ad hoc, internally designed survey tools that are not validated, standardised, or comparable. There is a lack of measurement infrastructure, since no published research has evaluated the validity of available strategies to measure the situation in Nepal in a systematic way.

The third dimension is very little utilisation of strategies: Nepalese companies which do measure satisfaction tend to see it as an operational feedback tool rather than a strategic intelligence tool for the future. The cross-functional governance frameworks, economic valuation competences, and closed-loop action systems that define satisfaction as a strategic asset management of major global corporations are very much missing in Nepalese business practice, which indicates resource limitation as well as preference of

Nepalese culture (relationship-based) over structured data-driven management of customers. The research gap in this case is that there is no recorded study on the strategic management of the Nepalese leading firms in terms of their satisfaction and what practices allow or limit strategic integration.

The research gap that this thesis will address is that there exists a lack of a systematic, theoretically based, and strategically oriented study on customer satisfaction within the major service sectors in Nepal. The existing studies on satisfaction in Nepal consist of small-scale banking studies, all located in Kathmandu Valley, none of which approach satisfaction as a strategic resource or explore measurement constraints in detail.

1.4 Research Objectives, Questions, and Scope

There is one main research objective in this thesis: to formulate a theoretically based model, modified to fit the Nepalese market context, which explains how and why customer satisfaction might be an effective strategic resource for Nepalese businesses based on evidence from banking, telecommunications and digital financial services. This objective is addressed through three research questions.

1. RQ1: How does customer satisfaction function as a strategic resource in the Nepalese market, and what adaptations of the existing theoretical frameworks are needed to explain the unique market features of Nepal?
2. RQ2: What are the limitations of the existing satisfaction measurement approaches in the Nepalese service sectors, and what adjustments would make them more valid and useful?
3. RQ3: What are the customer satisfaction management strategies of major companies in banking, telecommunication, and digital financial services operating within Nepal, and what factors help or limit the strategic customer satisfaction management within the organisation?

The scope of this study is as follows: Country scope: Nepal. Industry scope: only the service industry. Sector scope: This study focuses on three service sub-sectors- commercial banking, chosen for being the most researched sector in the context of Nepal with a significant amount of secondary data; telecommunications, as it represents the most observable and challenging area of satisfaction; and digital financial services, as it is the most competitive and dynamic area to compete based on satisfaction issues. The case analysis based on empirical cases is only on three organisations, which are NIC Asia Bank, Ncell, and Khalti.

The study lacks: primary data and face-to-face interviews; the manufacturing, retail or agricultural sector; the informal economy; or organisations outside Nepal. The Nepal Satisfaction-Strategy Framework (NSSF) that this thesis develops is presented as a conceptual outcome of the discussion chapter- an addition to the thought and practice rather than a fixed commitment which defines the conclusions.

1.5 Significance of the Study

This thesis tries to contribute to the academic field in different ways. Firstly, it tries to expand the literature on customer satisfaction strategy to a less-examined setting of South Asian developing economies, which might help the emerging literature on satisfaction management within the contexts of low-income and lower-middle-income countries. It also attempts to create a Nepal Satisfaction Strategy Framework, which might contribute to the emerging literature on context-specific strategic frameworks in the changing economies. In practice, this thesis will offer the Nepalese business leaders evidence-based advice on creating a satisfaction measurement system. It also gives a research agenda that may help the academic community of Nepal in developing the primary database that is required to further develop the understanding of satisfaction dynamics in the Nepalese market.

1.6 Structure of Thesis

The first chapter has presented the Nepal market condition, research problem, objectives, and significance. The second chapter examines the literature on the relevant subject, including both the literature on global satisfaction strategy and the new literature on consumer behaviour and service quality in South Asian and Nepalese environments. Chapter three outlines the qualitative method secondary data approach used in the Nepalese research context. In chapter four, the results of sectoral and case analysis are provided. Findings are integrated in the fifth chapter. Chapter six is completed by contributions, limitations, managerial recommendations, and a research agenda specific to Nepal.

2. Literature Review

2.1 Concept and Definition of Customer Satisfaction

2.1.1 Foundational Definitions and Conceptual Clarifications

The concept of customer satisfaction is one of the most researched and studied concepts in the marketing and management sector, basically as an indicator for customer experience and business performance (Homburg et al., 2006). Customer satisfaction can be understood as an emotion that an individual experiences after using the product or service when they compare their expectations to what they actually got (Oliver, 1980). It is here that the Expectancy-Disconfirmation Model (EDM) by Oliver (1980) originated, and this is considered one of the most popular bases of foundation in the study of satisfaction. When the service is better than expected, the customer will be satisfied, which Oliver refers to as positive disconfirmation and when it does a poor job, the customer will be dissatisfied, which is understood as negative disconfirmation (Oliver, 1980). When it is exactly as expected, the customer will be neutrally satisfied.

According to Kotler and Keller (2016), satisfaction is the feeling of pleasure or disappointment resulting when a consumer makes a comparison between the experience of the service and their expectation. This definition states the fact that satisfaction is an emotional reaction to service experiences- it is not only what people think but how they feel. Homburg, Koschate, and Hoyer (2006) also show that both mental and emotional processes play a role in the formation of satisfaction, and the proportional balance between them depends on the type of service or customer participation and cultural background. A key difference observable in research by Zeithaml, Berry, and Parasuraman (1996) is between transactional and cumulative satisfaction, which is especially applicable to strategic management. The feeling of a customer after a particular service event is considered transactional satisfaction, and cumulative satisfaction is the customer rating of all service experiences with the service provider (Zeithaml et al., 1996). In strategic management, it is a cumulative satisfaction

that counts- it predicts loyalty, retention, and advocacy, rather than a single transaction. In this study, customer satisfaction is the main outcome; service quality is a key input variable; trust (Biswas) is a relational mechanism by which customer satisfaction becomes loyalty; loyalty is a primary behavioural output; strategic asset status is based on whether the organisation has competitive advantages through its satisfaction management capability.

Another aspect that Oliver (1999) clarifies is that satisfaction is a necessary but not a sufficient factor in customer loyalty. He points out that very satisfied customers are not necessarily loyal, since loyalty depends on emotional commitment and the lack of alternatives. This consideration is particularly relevant in the Nepalese market, where geographic limitations have traditionally confined customers to the service providers they were not always satisfied with - a sort of forced loyalty. This thesis takes the issue as a major challenge in satisfaction strategy studies in Nepal, which should be addressed clearly without assuming that loyalty reflects satisfaction.

2.1.2 The Evolution of Satisfaction Theory

The three broad changes that can be identified in the course of the evolution of the customer satisfaction theory during the last forty years can be structured around the idea that the concept of customer satisfaction is being redefined to become more of a strategic resource of the firm than a psychological phenomenon of the individual. The history of customer satisfaction research can be understood in three phases. The foundation was built in the early stages during the 1970s and 1980s. Oliver (1980) and Parasuraman, Zeithaml, and Berry (1985, 1988) researched the definition of satisfaction and service quality and the measurement of these two concepts. SERVQUAL, a tool designed by Parasuraman et al. (1988), was used to measure the quality of service along five dimensions: Tangibles (physical appearance and staff appearance), Reliability (always doing what was said accurately), Responsiveness (willing and prompt in helping

others), Assurance (knowledge and capability to inspire trust), and Empathy (caring and attending to people).

The second change, which took place in the 1990s and early 2000s, was the emergence of national satisfaction indices, which show that satisfaction has a financial value. The American Customer Satisfaction Index (ACSI), introduced by Fornell et al. (1996) provided a model with a linkage between customer expectations, perceived quality, perceived value, customer satisfaction, customer complaints and customer loyalty in a measurement framework. It demonstrated that firms whose scores were higher in terms of customer satisfaction performed better financially. Anderson, Fornell, and Lehmann (1994) found the same pattern in Sweden. These studies provided managers with a solid business rationale to invest in satisfaction management. The European Customer Satisfaction Index (ECSI) and the UK Customer Satisfaction Index (UKCSI) considered the measurement of satisfaction a strategic management instrument and not just a marketing research process.

The third change, which began in the 2000s and has gained momentum in the 2010s, was the inclusion of satisfaction theory in strategic management theory, specifically the Resource-Based View (Barney, 1991) and the Service-Dominant Logic (Vargo and Lusch, 2004, 2016), to redefine satisfaction capability as a strategic resource, not as a measurement result. In a meta-analysis of the existing empirical evidence on customer satisfaction, Szymanski and Henard (2001) report that there exists a uniform positive correlation between satisfaction and loyalty, retention, word-of-mouth, and willingness to pay a price premium. Rust, Lemon, and Zeithaml (2004) refined this comparison, and they came up with the customer equity framework, which connects satisfaction to customer lifetime value (CLV), and hence to firm financial value.

Period	Theoretical Milestone	Key Authors	Relevance to Nepal
1977-1985	Expectancy-Disconfirmation Model	Oliver (1980)	Foundational Model; adaptation required for trust-based banking culture in Nepal
1985-1995	SERVQUAL measurement framework	Parasuraman et al. (1988)	Mainly applied in Banking sector
1994-2000	National Satisfaction Indices (ACSI, ECSI)	Fornell et al. (1996)	Lack of national satisfaction index in Nepal; measurement underdevelopment is the research problem
1994-2010	Service Profit Chain	Heskett et al. (1994)	Reflect the role of employee satisfaction in service quality
1991-2000	Resource-Based View (RBV)	Barney (1991)	VRIN framework reflect satisfaction as a strategic resource

2004-2016	Service-Dominant Logic (SDL)	Vargo & Lusch (2004, 2016)	Shows the creation of satisfaction through trust and relationships
2004-2010	Cross-cultural satisfaction measurement	Raajpoot (2004); Furrer et al. (2000)	Personlisation and socialisation strongly influence satisfaction in Nepal

Table 1: Evolution of Customer Satisfaction Theory

2.2 Customer Satisfaction as a Strategic Asset: Theoretical Framework

2.2.1 The VRIN Framework Applied to Satisfaction Capability

According to Barney (1991), the only way a resource or capability can generate sustained competitive advantage is when it's Valuable, Rare, Inimitable, and Non-substitutable. This section uses each criterion to assess customer satisfaction capability in Nepal. The discussion below regarding the fulfilment of each individual criterion should be viewed as an attempt to understand the circumstances under which the capacity for customer satisfaction meets VRIN criteria in Nepal.

Valuable: The capability to create satisfaction creates value in a number of ways, including retaining customers who would otherwise be lost, creating price premiums, referrals, and intelligence to use in strategic decisions. This value is very high in Nepal since it is quite costly to get a new customer in a relationship-based market. It takes time and considerable effort to create the trust needed to introduce a new customer into a banking relationship or convince them to utilise a new digital wallet. Retention of a satisfied customer is consequently somewhat more useful than in less-trusting markets (Anderson, Fornell, and Lehmann, 1994; Gruca and Rego, 2005).

Rare: The evidence available in Nepal indicates that good management capability with respect to satisfaction is actually rare. As per the Nepal Rastra Bank (NRB, 2023), only a few commercial banks perform well in the customer satisfaction scorecard, but most banks lack a scientific way of gauging customer satisfaction as a tool of strategic intelligence. The majority of companies do not systematically measure satisfaction, or use it as a complaints system. Likewise, digital payment systems like Khalti can be seen as achieving comparatively better results regarding customer engagement, although this point has little evidence in terms of comparative analysis.

Inimitable: Community trust (biswas) in Nepal is the primary source of satisfaction advantage - the accrued over years or decades of consistent, honest, relationship-based behaviour. Dierickx and Cool (1989) refer to this as a time compression diseconomy: certain assets require time to create and cannot be easily bought or recreated, despite a large amount of financial investment. A bank with a branch manager who served the community for many years, participated in local events, and assisted families in cases of financial difficulties may develop a trust-based relationship that cannot be acquired by a new bank, which opened a branch and advertised. This renders satisfaction capability quite inimitable in Nepal in the sense used by Barney.

Non-substitutable: The most difficult criterion to evaluate in Nepal is non-substitutability since the tendency to forced loyalty in geographically bounded markets makes an apparent alternative to the satisfaction-based loyalty: customers stay with a provider not because they are satisfied but due to the lack of alternatives. But with increasing digital literacy and education, consumers are becoming more powerful and forced loyalty is slowly falling as the digital channel breaks down the geographic barrier. The rapid growth of digital payment platforms has shown that the customers who used to think that they are limited to the local physical bank branch or single telecom operators are now able to switch quickly when better digital options are available. This implies that voluntary loyalty based on satisfaction is increasingly gaining in importance, and forced

loyalty is increasingly losing its reliability as a competitive position. No good alternatives to the truly satisfied customers can be found in the fast-digitalising Nepalese market.

2.2.2 Service-Dominant Logic and Co-created Satisfaction in Nepal

The Service Dominant Logic of Vargo and the Lusch (2004, 2016) claims that a company does not create and provide customers with value. Rather, value is collaboratively created during the process of successful interaction between provider and customer. Every customer arrives with their own knowledge, different needs, experiences, and relationships during the interaction, and these aspects serve as the basis for what the service means to that customer.

This view is particularly well applicable to the dynamics of satisfaction in Nepal. The Biswas (trust) between a Nepalese customer and their service provider cannot be a product that the company alone can create. It is based on long-term mutual behaviour, where the company behaves reliably and honestly in the long run, and the customer behaves in the same way and lets the relationship develop. It is jointly produced. For example, people may choose to keep doing business with a certain financial organisation not only for efficient transactions but also because they believe in the staff members whom they have known in their community for a long period of time. This implies that the strategies that are aimed at enhancing the technical quality of the service provision without looking at the relational quality of the interaction will fail to capture what actually makes most Nepalese customers satisfied.

2.3 Measurement of Customer Satisfaction

2.3.1 Established Measurement Instruments

The most commonly employed measurement tool of satisfaction-related aspects in the world, and the most common in Nepal, is SERVQUAL (Parasuraman, Zeithaml, and Berry,

1988). It evaluates the quality of the service provided in five dimensions, where customers are requested to rate their expectations and experience, and subsequently compute the difference between the two. A negative gap implies that the performance was below expectations. The diagnosis of these gaps helps in identifying particular investment priorities.

Net Promoter Score (NPS) was created by Reichheld (2003) and directly inquires customers about how likely they are to recommend the product or service to others on a scale of 0–10. To categorise the respondents, NPS describes the score of 9-10 as promoters, 7-8 as passives, and 0-6 as detractors and the NPS score is determined as the percentage of promoters minus the percentage of detractors (Reichheld, 2003). NPS needs to be culturally adjusted in Nepal due to its high level of power distance, which tends to discourage people from rating negatively, resulting in the distortion of the NPS scores.

Customer Effort Score (CES) could be understood as a measurement of the amount of effort required by a customer in order to resolve a problem with a customer service or to complete a transaction with the service providers (Dixon et al., 2010). In the context of digital payments in Nepal, two of the main satisfaction pain points experienced by a customers are the rate of failed transactions and the speed at which problems are resolved. This, in turn, creates the largest satisfaction gaps related to the reliability and responsiveness dimensions of SERVQUAL.

2.3.2 Cross-Cultural Measurement Challenges

Raajpoot (2004) created the PAKSERV scale to match South Asian service situations. His work revealed that four dimensions prevail in high-collectivism, high-power-distance cultures, which are not well represented by SERVQUAL. It includes personalisation (treated as an individual, not just a customer), tangible sincerity (care is genuine, not acted), assurance of relationship continuity (knowing that the relationship will last), and socialisation quality (enjoyment of the human interaction itself). These results can be

directly applied to Nepal since the results of PAKSERV were obtained in Pakistan, which has a culture that is widely comparable to the culture of Nepal in terms of collectivism and high power distance (Hofstede, 2001).

While early research by Furrer, Liu, and Sudharshan (2000) showed that the importance of SERVQUAL dimensions is influenced by cultural values, such that in high-collectivism, high-power-distance cultures, empathy and assurance dimensions are much more important than the other dimensions of reliability and responsiveness. This indicates that the quality of the human relationship dimension of service is the major factor that determines customer satisfaction in the Nepalese service sector context. This implies that Nepalese customers would be more concerned with being known, respected, and personally taken care of. A cross-cultural comparison of service expectations among American, Korean, and Indian consumers revealed that cultural dimensions, collectivism, power distance, and uncertainty avoidance have a significant influence on service expectations (Donthu and Yoo, 1998). Their results can be applied to Nepal since the cultural profile of Nepal is very similar to the South Asian cluster, and it implies that consumers in Nepal will prefer to work with an established and trusted service provider (high uncertainty avoidance), social recommendation is highly valued (collectivism), and they are less likely to question the authority of the institution when dissatisfied (power distance).

2.3.3 Nepal's Measurement Landscape

Nepal does not have a national customer satisfaction index that is comparable to the ACSI, ECSI, or UKCSI (NRB, 2022). This implies that it is impossible to measure whether aggregate satisfaction in Nepal is rising or falling, there is no valid basis of comparison across sectors, and no benchmark by which individual companies can compare themselves. The lack of such a measuring system is both a problem for researchers and a problem for managers trying to compare their company's satisfaction performance with that of other firms within the same industry. There is a very small amount of consumer satisfaction data available for Nepal. The data mainly comes from some of the

major sources: NRB's Consumer Protection and Financial Literacy Survey focusing on the banking and financial services; NTA's, quality of service report having consumer satisfaction component focusing on telecom services; and large number of studies on consumer satisfaction survey focusing only on the banking sector of the country and comparing the level of consumer satisfaction among the banks operating in Nepal. Each of these has limitations, as most of them are performed primarily in cities, employ internally created tools that are not publicly validated, and are aiming for promotional objectives, rather than strategic benchmarking. The measurement of satisfaction is found to be meaningful only if the measurement tools are consistent over a period of time. The lack of reliable and validated measurement tools might create a barrier to the strategic utilisation of satisfaction.

The following thesis combines the use of empirical data from various sources, including SERVQUAL gap data from the Nepalese literature if available, NPS data if mentioned by any company and NRB, NTA, and NTB industry surveys. The thesis also tries to integrate SERVQUAL analysis with PAKSERV dimension by Raajpoot (2004), especially for services within the banking sector.

2.4 Customer Satisfaction Theory in the South Asian and Nepalese Context

2.4.1 Applicability of Western Satisfaction Theory to Nepal

The majority of the theoretical approaches to customer satisfaction, such as the Expectancy Disconfirmation Model, ACSI, and SERVQUAL, were all developed in the North American and Western European markets. These contexts have some similarities where consumers are comparatively powerful to substitute the service provider, have lower power distance, institutions are comparatively responsible for the customer, service delivery is not so much limited by geography, and evaluation of service is culturally individualised.

The market situation in Nepal is different in each of the four dimensions. There are fewer consumer protection systems. Geographic factors imply that lots of customers within rural territories find it difficult to switch providers as there are very few substitutes available. And there is cultural collectivism, which implies that the judgments of satisfaction are not entirely individual but are partially social. And there is a prevailing high power distance because of which unhappy customers are less likely to take action or express their dissatisfaction. Due to all these differences, there are various types of misfit in the theoretical approach of Western models of satisfaction if applied in Nepal without any modification. This section explores these misfits using research done in Nepal and other South Asian countries. In cases where there is not much literature on Nepal, this chapter uses the results from India, Pakistan, and South Korea to support its claims.

The expectancy disconfirmation model presupposes that the customer has set a prior expectation for the service, which they use to evaluate the service delivery (Oliver,1980). In Nepal, expectations are more dynamic and socially constructed, where they are influenced by what the family and their community members view as normal and acceptable, not necessarily by experience and individual preferences. There is a very fast increase in digital adoption in Nepal, due to which there is a change in expectations in various regions of Nepal. The customers in the urban areas who have been using the digital platforms like eSewa and Khalti now compare the bank service with those digital experience standards. The benchmark standards will be different among rural customers whose expectations are still influenced by a lack of access to physical services. Due to this, there might be measurement implications- requesting the individual customer to provide their expectation for satisfaction might produce less valid data in Nepal.

2.4.2 The Role of Trust and Relationship Quality in Nepalese Satisfaction Formation

The Trust (biswas) takes an extraordinary role in the formation of satisfaction in the Nepalese context, which does not match the Western model of satisfaction. In Nepal, the word biswas encompasses not only the concept of integrity that is typical of the so-

called cognitive component of trust in the West, but also the sense of emotional connection between two individuals, the sense of social obligation to care for another human being, and the community legitimacy of a service provider. A customer of one bank trusting his bank manager, who had probably served the customer's family for several years, will evaluate the service based on that relationship, and they find it wrong to switch even if another bank might be delivering better service, and certainly more cheaply and efficiently.

This relational basis of trust greatly affects the way satisfaction is managed in Nepal. In particular, the impact of any trust violation on satisfaction is very sensitive, i.e., any breach of the social contract in the relationship (hidden charges, unexplained changes in policies and services, depersonalization of service due to a change of branch or staff, etc.) will have a more negative impact on customer satisfaction than the actual failure of service. The NRB's (2023) consumer protection survey also found that the most frequently cited reasons for dissatisfied customers were unexpected charges or fee changes — a finding that reflects the influence of the trust violation more than economic factors. Second, the relational foundation of trust means that word-of-mouth and community reputation are significantly more important in shaping both satisfaction and its expression in Nepal. The most important reason for customers in Nepal selecting a bank was word-of-mouth (WoM) recommendations by those in their networks of trusting relationships, and the most important factor in customers long-term bank satisfaction was continued reputation with the community. This implies that community networks amplify satisfaction and dissatisfaction more substantially and impactfully in Nepal.

2.5 Customer Satisfaction in the Key Nepalese Sector

2.5.1 Banking and Financial Services

Numerous studies have examined banking industry in both global and Nepalese contexts due to its strategic importance in service delivery and financial stability. The mandatory

banking merger programme in the country has created very challenging conditions for organisations and managers to manage satisfaction. The integration of the bank after the merger may affect several service quality aspects such as reliability, responsiveness, and accessibility (Sharma, 2018). A recent post-merger consumer protection survey conducted by NRB (2023) found that customers of recently merged banks faced service disruption in twelve months since the merger. The disruption was caused by several factors: different branch locations and opening hours, new account numbers, different interest rate structures, different fee schedules, and technology integration issues that made the mobile banking unreliable in the transition period. As a consequence of such transformations, operational challenges may arise, thus affecting customers' perceptions and their satisfaction levels. The research shows that the quality of services, trust, use of technology, and efficient communication play a major role in determining the satisfaction levels of banking customers (Parasuraman et al., 1988; Lamichhane, 2018). Researchers further argue that financial institutions that incorporate digitisation of their services, manage customer relations, and adopt transparent communication practices can achieve improved results with respect to satisfaction.

2.5.2 Telecommunications

Customer satisfaction has become an important factor in the telecom sector due to increased dependence on mobile and internet services. Customers rate their satisfaction with telecommunications services on the basis of network efficiency and internet availability, costs, customer service response time, and ease of use of digital services (NTA, 2023). Most of the complaints made by customers relate to connectivity issues and service disruption. According to Sah and Pokharel (2021), customer satisfaction and loyalty within telecommunication companies are highly influenced by the variance in customers perception of service quality in Nepal. The telecommunication firm, which offers efficient digital service and good network performance alongside effective customer support, enjoys a competitive edge due to a strong customer relationship.

2.5.3 Digital Financial Services

The digital financial services industry in Nepal is the most competitive and the most data-rich for conducting a study on satisfaction management. With the emergence of mobile banking and the usage of digital wallet applications, digital financial services have become one of the fastest-growing sectors in Nepal. Customer satisfaction is very critical for this sector, as customers can easily switch from one service provider to another in case of any dissatisfaction. The studies conducted on the digital financial services sector show that ease of use, processing speed, security, reliability, and customer service quality are the main factors affecting the level of customer satisfaction in such systems (Dahlberg et al., 2015). It has been found that customer satisfaction in digital wallets depends largely on their usefulness, convenience, and service provider response in the Nepalese context (NRB, 2023). Moreover, innovation and digital services quality have been found to be important in terms of influencing customers level of trust and satisfaction towards the digital payments platform and their willingness to continue using these services (Oliveira et al., 2016).

2.6 Theoretical Framework Adapted for Nepal

In this study, the RBV model and SDL are combined to study customer satisfaction as a strategic resource for the service industry in Nepal. Here, the satisfaction is studied as a relational and strategic capability that is developed through the ongoing relationship between the organisation and their customer. SDL describes the process by which satisfaction results from a collaborative effort, such as trust, interactions, and long-term relationships, whereas RBV describes the mechanism through which such capabilities can be converted into sustainable competitive advantage for the organisation. In Nepal, the concept of customer satisfaction is more linked to relationships, trust (biswas), and cultural norms. This framework includes many antecedents to customer satisfaction, such as trust, service quality, digital access, and the continuity of the relationship. It also includes many contextual variables such as geographic location, collectivism, high power distance, and regulation. It also provides insight into some mechanisms, such as

satisfaction creation, silent dissatisfaction, and word of mouth communication, which impact the customer response to service experience. All these lead to organisational consequences like loyalty, customer retention, advocacy, and competitive advantage. The organisations require the necessary capability to measure customer satisfaction, handle complaints within the organisation, manage customer satisfaction via community relations and closed-loop learning. In general, it serves as evidence for a relational nature of customer satisfaction and its role as a strategic resource in Nepal.

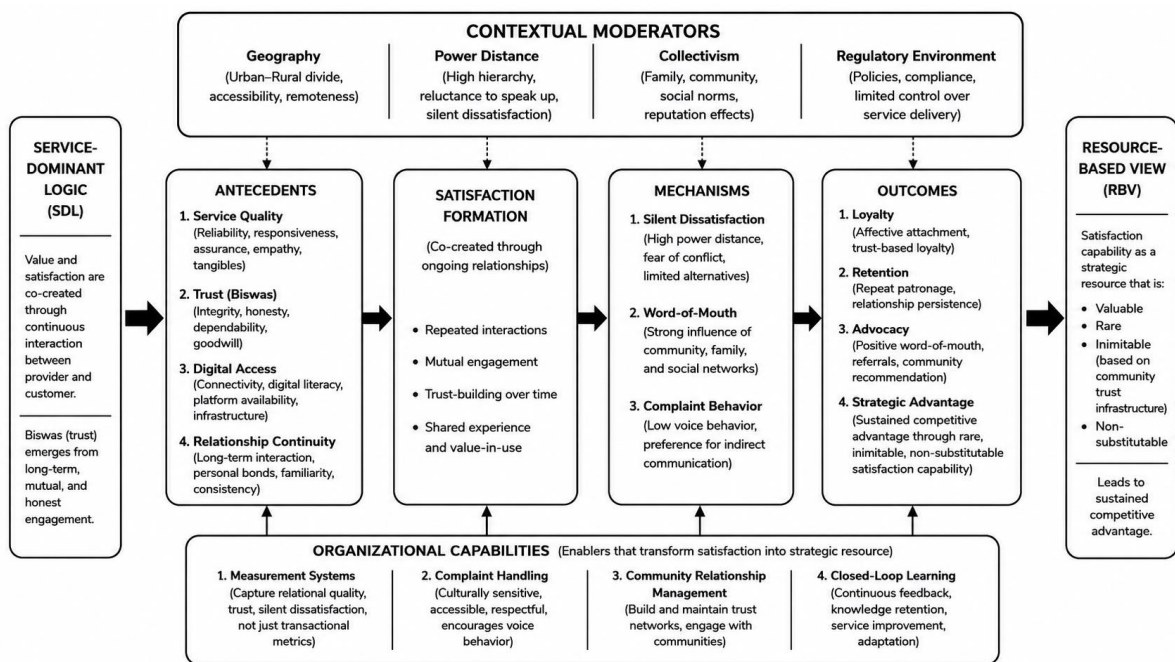


Figure 1: Framework Diagram

3. Research Methodology

3.1 Research Philosophy

This thesis is based on an interpretivist philosophical position. Interpretivism is the view that researchers must interpret meaning and context to explain why and how the customers are satisfied or dissatisfied, rather than measuring and testing the variables (Saunders et al., 2019; Crotty, 1998). There are no universal laws that control social behaviour and that apply exactly in all cultures and situations. It is mainly influenced by the people's experiences, cultural norms, institutional structures, and the social environment where they exist.

There are three reasons why this is the right position. First, the three research questions in this thesis are how, what, and why questions, questions about concepts, limitations, as well as practices. These are interpretive questions, which need textual, documentary, and analytical approaches and not statistical. Second, the qualitative secondary data that can be used in the Nepalese context - such as regulatory reports, academic research, case evidence, and industry publications- are best suited for interpretive analysis. This is evidence that is best analysed qualitatively and not a statistical analysis. Third, the cultural and institutional environment of Nepal is very different when compared to the Western setting where most of the satisfaction theory has been developed. This approach enables us to seriously consider these contextual differences and not to assume that the same universal models will be directly applicable. The thesis recognises that its conclusion about the degree of customer satisfaction in Nepal is restricted to the particular circumstances of Nepal, not that the findings apply absolutely to all people in all situations.

3.2 Research Design

The study is a qualitative research design which relies on secondary data. There are two parts to this design. The first one is the cross-sectoral document analysis in the banking,

telecommunications, and digital financial services segments of Nepal, which covers RQ1 (conceptualisation) and RQ2 (measurement limitations) by synthesising the available evidence. The second one is a case study of particular Nepalese organisations, NIC Asia Bank (banking), Ncell (telecommunications), and Khalti (digital financial services), to respond to RQ3 (Organisational management practices) by analysing the available evidence of these organisations. The case study approach is based on Yin (2018), who states that case studies are suitable for the research questions of the form how and why, when the context of the phenomenon under study is important to understand.

Three cases were chosen to reflect various sectors and various positions within the sectors. These cases have been selected from the companies that are considered leaders or occupy important positions in their sectors. They also have access to surveys, reports, and regulatory documents that provide evidence for examination. All these cases come from different sectors, and they hold a different competitive position within their sector, providing knowledge for the analysis of satisfaction management practices within different environments. This study attempts to explore sector-based and organisation-based strategies for handling the customer satisfaction issues and their effectiveness.

3.3 Secondary Data Sources

This research employs a secondary data collection methodology, involving the utilisation of existing data originally gathered for a different research purpose. Selection criteria used in all categories were: availability (publicly available), relevance (directly addressing customer satisfaction, service quality or business performance), and credibility (produced by an established regulatory, academic or institutional organisation). The documents that do not have a clear source or author, promotional materials without evidence, and those that are not related to banking, telecommunications, and digital financial services are excluded.

Some of the key resources of secondary data used in this research are regulatory and government publications. These are NRB's Bank Supervision Annual reports and Consumer Protection and Financial Literacy Surveys (2020-2023), NTA Quality of Service Reports and Consumer Satisfaction Surveys (2020-2023), MoF's Economic Survey (2022/2023), and CBS National Population and Housing Census (2021). Another is the international organisations report: World Bank Nepal Development Updates (2022, 2023a, 2023b), ADB financial inclusion and digital payment programme evaluation for Nepal 2022, ICIMOD Digital Economy Report (2023). These resources help to compare Nepal's performance with its regional peers as these sources provide the regional benchmarking data.

The third one is academic and peer-reviewed research. It comprises the foundational satisfaction theory (Oliver, 1980, 1999; Parasuraman, Zeithaml, and Berry, 1985, 1988; Kotler and Keller, 2016), strategic management frameworks (Barney, 1991; Heskett et al., 1994; Vargo and Lusch, 2004, 2016), cross-cultural satisfaction research (Raajpoot, 2004; Furrer, Liu, and Sudharshan, 2000; Donthu and Yoo, 1998), financial value of satisfaction (Anderson, Fornell, and Lehmann, 1994; Fornell et al., 1996; Szymanski and Henard, 2001; Gruca and Rego, 2005), customer satisfaction in Nepalese service sectors (Goet and Kharel, 2022, 2023; Shrestha, Adhikari, and Adhikari, 2026; Bhatta, 2025; Shrestha & Dongol, 2024). To give the theoretical framework and cross-cultural validation that underlie the Nepal-specific analysis, academic sources are utilised. Besides the academic, regulatory and government publications, some corporate and industry reports are also used. This includes NIC Asia Bank Annual Reports (2019-2023), Ncell/Axiata Group Annual Reports and Sustainability Updates (2021-2023), and ICAN Banking Sector Surveys (2022).

3.4 Analytical Approach

In this report, qualitative document analysis was used to analyse the data, in line with Bowen (2009) and Mayring (2015). Document analysis is a critical approach to reading

and interpreting texts, not just to extract information, but to understand who created each document and why and what they are not including in them. For example, regulatory reports are prepared to capture industry performance and compliance, but they may not always tell the complete story of customer dissatisfaction.

The coding approach adopted was deductive in nature, where the four conceptual frameworks were coded using their analytical categories, namely customer satisfaction as a strategic resource for organisations, the process involved in the formation of relational satisfaction, problems associated with measuring customer satisfaction, and enabling organisational capability. If the collected evidence could not be fitted into the existing categories, inductive codes were allowed to emerge. This acknowledges the use of abductive reasoning, where theory and evidence interact to generate theories specific to the context of customer satisfaction in Nepal's service industry.

In the case of the cross-sectoral analysis, there were four steps. First, all the academic and regulatory reports are examined to derive the evidence relevant to the three research questions using a coding that was developed based on a literature review. Second, the extracted evidence was categorised into thematic groups based on the propositions of the theoretical framework: satisfaction formation mechanisms in Nepal, constraints of current measurement methods, and strategic management capabilities. Next, these thematic groups are matched within the industries and sources to determine the similarities, inconsistencies, and context-specific differences. Lastly, each of the research questions was interpreted with interpretive conclusions, clearly stating where strong, uncertain, or no evidence existed.

The analytical process used in multi-case analysis to answer RQ3 was the within-case and cross-case analysis method described by Yin (2018). In each case, publicly accessible evidence, annual reports, regulatory filings, and industry survey data are analysed to recreate the method of satisfaction management that was used by the company, identify particular practices and investments, and assess their effects. The three cases were then

compared on a comparable framework of satisfaction management dimensions based on the theoretical review.

4. Findings

4.1 Overview of Data

This chapter reports the findings of the cross-sector document analysis and the multi-case study of three service organisations in Nepal. The chapter is structured to present the findings in response to the three research questions: how satisfaction works in Nepal's service sectors, what the measurement limitations are, and organisational satisfaction management. Here, we discuss the major limitations of interpreting the evidence.

The most significant is the geographic scope. Most of the available information on Nepal's satisfaction dynamics comes from Kathmandu Valley and other major towns. The NRB's consumer surveys, NTA quality reports and various other surveys all have greater representation of the urban and peri-urban areas. This means that the findings reflect the satisfaction of the urban service consumer more than the rural population. The dynamics of rural satisfaction, which is very different from urban satisfaction, have very little evidence and are less described. The next one is that most of the evidence covers the period between 2020 and 2023, which includes the COVID pandemic. The available data does not cover the satisfaction dynamics in the longer term. Similarly, different studies apply different methods of measurement scales, samples, and satisfaction definition, and they do not completely disclose the tools used for measuring and validating the results. The above limitations are taken into consideration while evaluating the findings obtained.

4.2 Satisfaction Dynamics Across Nepal's Service Sector

4.2.1 Sectoral Satisfaction Performance Overview

The existing information on satisfaction from the major service industries of Nepal reveals considerable variation between those sectors. The customer perceptions

towards digital financial services appear to be more positive than those of traditional services like banks and telecommunications services (NRB, 2023; NTA, 2023). The users of the mobile wallet and digital payment platforms feel that such platforms are convenient, responsive, and time-saving (NRB, 2022; Poudel et al., 2024). The banking sector has gained from financial inclusion and digitisation initiatives, but it remains inconsistent due to challenges related to integration after mergers, a shortage of ATMs, and unreliable service (Lamichhane, 2018; Sharma, 2018). In the telecommunication industry, network quality is noted to be an important determinant of customer satisfaction, which outweighs other dimensions of service quality, such as empathy and assurance (Goet and Kharel, 2023). This is also supported by findings that indicate the positive effects of reliability, speed, and availability of service on user satisfaction (Bhatta, 2025).

Such variations among the different industries can be justified through the analysis of SERVQUAL gaps. Industries that depend on infrastructures, such as the telecommunication industry, have the highest reliability gaps, whereas digital services enjoy consistency and responsiveness. These findings are largely supported by the research on service quality, which suggests that reliability and responsiveness are particularly important within technology-based service environments (Parasuraman et al., 1988; Klaus & Maklan, 2013).

4.2.2 SERVQUAL Gap Analysis

The available SERVQUAL-based studies and regulatory data in Nepal enable us to examine the various service quality factors that create the biggest gap in satisfaction in different industries in Nepal. The findings show a consistent pattern across industries: the largest gaps are reliability and responsiveness, which reflect the problem of infrastructure (slow internet, ATM network problems, branch closure due to bank mergers), process, and staff turnover that limit the ability to consistently deliver the service in time. The smallest gaps are associated with assurance and empathy, which are mostly associated with the relationship.

In the banking sector, studies show customer complaints concerning ATM outages, slow response times, branch queues, and problems arising from mergers (Lamichhane, 2018; Sharma, 2018). Issues such as reliability and responsiveness had the largest negative gaps, while there seems to be relatively better performance in empathy and assurance, corresponding to the fact that Nepal's culturally prevailing high service warmth partially compensates even when the systems fail.

A study of Nepal Telecom and Ncell users in the field of telecommunications illustrates that all the major dimensions of service quality had a positive and moderate relation with satisfaction, where the network quality was found to be the strongest predictor of satisfaction, thus confirming that network quality is the largest service gap in Nepal's cellular mobile service market (Goet and Kharel, 2023). Interestingly, while empathy and assurance are positively correlated with customer satisfaction, their impacts were negligible in the satisfaction regression model, thus indicating that the customers in Nepal value consistent, technically delivered service quality much more than interpersonal warmth when evaluating a mobile service provider (Goet and Kharel, 2023). NTA (2023) data further reinforces this pattern of the largest gaps in network performance, as both availability and throughput experience the largest under-performance compared to the service quality standards. The studies related to digital financial services have indicated that factors such as convenience, communication, and time saving positively influence customer satisfaction and intention to use (Poudel et al., 2024). Interestingly, security had no significant effect on satisfaction, thus indicating that security concerns do not currently affect the adoption of mobile banking services offered by commercial banks in Nepal.

The comparative findings are summarised below:

Sector	Significant SERVQUAL gaps	Supporting Sources	Key Observations
Banking	Reliability, Responsiveness	NRB (2023); Lamichhane (2018); Sharma (2018)	Merger Disruptions, ATMs, and overcrowded branches lower satisfaction
Telecommunications	Reliability (Quality of Network)	NTA (2023); Goet & Kharel (2023)	Network quality appears to be more influential than interpersonal dimensions
Digital Financial Services	Responsiveness, Convenience	NRB (2022); Poudel et al. (2024)	Timely transaction processing and ease of use heavily influence satisfaction

Table 2: SERVQUAL Gap Analysis

The table summarizes the recurring themes that have been observed across different sectoral studies, government regulations, and customer service experiences.

4.2.3 Rural versus Urban Satisfaction Differentials

The available studies suggest that there are significant differences between the rural and urban customer service experiences in Nepal. The information about such differences is mostly indirect evidence based on the analysis of service access, service infrastructure, and digital inclusion. It was noted that rural populations tend to show lower levels of digital service use, lower financial literacy levels and increased difficulties in accessing financial services compared to urban residents (NRB, 2023; ADB, 2022). In the banking sector, for instance, access to local bank branches and geographic spread of ATMs remained the principal determinant for customer satisfaction, whereas in the

telecommunication sector, it was predominantly about the quality of existing physical infrastructure and access to mobile service. The rate of adoption of digital financial services is observed to have a difference between the urban and the rural populations, which is influenced by the level of use of smartphones and availability of internet facilities (Poudel et al., 2024). The urban population prefer to use integrated digital services, while the rural population relies upon physical service interactions. It is seen that the variation in infrastructure access and digital skills significantly impacts customer satisfaction in Nepal.

4.2.4 Measurement Limitation in Nepal

An analysis of NRB, NTA and NTB survey reports, and findings from the academic literature, confirms some measurement issues in the practice in Nepal.

Limitation 1: Language and accessibility barriers. According to NRB's (2023) consumer protection survey, conducting surveys in the formal Nepali language excludes respondents whose mother tongues are Maithili, Bhojpuri, Tharu, Tamang, or Newari, spoken by 42% of Nepal's population (CBS, 2021). This leads to lower response rates and lower-quality data in non-Nepali-speaking groups, resulting in a language selection bias in satisfaction data. ADB (2022) reports that the use of visual methods for measuring satisfaction, such as smiley face options and colour-coded icons, improved the response rate and data quality among rural financial service customers as compared to the traditional Likert scale, with implications for designing the measurement tools for Nepal.

The second limitation is the silent dissatisfaction. As discussed in chapter 1, Nepal's high power distance creates a systematic way to hide customer dissatisfaction with the powerful organisations when using the formal survey methods. NRB (2023) reported that only 23.1 per cent of customers who reported having a poor service experience actually made a complaint. Even though this may not necessarily suggest that there is a hidden dissatisfaction, it fits in well with Hofstede's (2001) analysis of high power distance culture, where consumers might avoid direct confrontation with the

organisation. Donthu & Yoo (1998), and Furrer et al. (2000) also analyse a similar issue on non-reported dissatisfaction in collectivist cultures. This means that low numbers of complaints and high scores on satisfaction surveys overestimate the true level of satisfaction in the institutional service markets in Nepal. The present study suggests that traditional complaint systems may underestimate complaints in the service environments where there is a high level of social hierarchy and trust-based relationships.

The third limitation is the absence of a validated instrument. Most of the Nepalese commercial firms that measure satisfaction typically use their own survey instruments that have not been published and whose validity has not been independently tested. There is no national benchmark for the measurement of customer satisfaction. Without such an index, there would be no way for firms to know if they are doing better or worse than average within their industries, if they are making progress or deteriorating relative to others and how to present a convincing argument to the board of directors about investing in customer satisfaction management. These findings suggest that there is an opportunity to formulate a customer satisfaction model for Nepal which takes into account the language difference and relational trust.

4.3 Case Study Findings: Strategic Satisfaction Management Practices

4.3.1 Case 1: NIC Asia Bank- Satisfaction Leadership Through Post-Merger Integration

The merger between the NIC Bank and Bank of Asia Nepal led to the formation of NIC Asia Bank. This merger has produced one of the largest retail-oriented commercial bank in Nepal in terms of its branch network and also one of the largest banks in terms of its assets. The satisfaction factors of NIC Asia Bank can be grouped into three main categories. First, there is customer communication. According to the NRB (2023), in its post-merger customer survey, respondents associated with NIC Asia Bank had the highest level of customer satisfaction regarding its communication during the merger process compared to any other merged bank in Nepal. This proactive communication may have helped in reducing the level of uncertainty arising during the merging process.

While the other larger banks performed their merger communications in response to the situation, NIC Asia Bank adopted a proactive approach to communicate about their merger communications, notify the customers of upcoming changes in account number, branch addresses, and interest rates through various forms of media such as SMS, branch notice, newspaper, and social media. This communication model seems to be quite different from the model used by its competitors during the merging process.

The second key focus is investment in digital services. The large investment of the bank in digital banking led to improved performance of its mobile banking, ATM, and internet banking. Its mobile banking application had favourable ratings among all Nepalese bank applications on the Google Play Store. Moreover, the increase in mobile banking customers was considerably higher compared to other banks, indicating that positive word of mouth was encouraging a higher than average adoption of digital banking. It is important to note that the ratings cannot be used to measure customer satisfaction as such ratings do not represent the true level of customer satisfaction, and sometimes they may be biased too.

The case study provides additional information about strategic satisfaction management practices within organisations. First, the leadership of the bank states that satisfaction is an important part of their overall business strategy and that there will be rewards for investing in satisfaction, which means that it is clear that it is supported by leadership to invest in satisfaction management. Second, it can be seen that the feedback from the customers has been used by the company as a source of information when making decisions on operational, marketing and IT aspects. Third, the merger made it possible to provide enough resources in the form of funds for communication initiatives, technology, and HR strategies to achieve a sustained satisfaction advantage.

4.3.2 Case 2- Khalti- Satisfaction as a Competitive Weapon in Digital Payments

Khalti, which was founded in 2017, is now on its way to becoming one of the leading digital payment platforms in the digital market of Nepal. The fast-growing user base of

Khalti in a market in which eSewa already has a prior competitive edge because of its large number of users provides one of the latest instances of competitive disruption based on the satisfaction dimension in Nepal. Khalti appears to position itself as being responsive to the problems of dissatisfied eSewa customers by being simple, swift, and responsive, where eSewa has faced criticisms of a complex user experience, slow customer support and merchant disputes. Such a satisfaction-driven position becomes more relevant within the specific context of the digital wallet market in Nepal, where user adoption of technology is also influenced by trust concerns, along with satisfaction drivers (Poudel et al., 2024). Security and privacy, in particular, have been established as significant mediators between trust and adoption intention of mobile payments (Poudel et al., 2024). Therefore, Khalti's emphasis on stability and promptness in responding to support requests can be interpreted not just as ways of improving service quality but as methods of building trust.

The most obvious evidence of the satisfaction advantage of Khalti is found in its reviews on digital platforms. The rating on the Google Play Store seems to be more favourable as compared to eSewa, despite the fact that eSewa is used by more people than Khalti (the number of users may increase the average rating since people know it better). The main reasons for their satisfaction with Khalti are convenience, fast transaction processes, and customer support. They correspond to the factors that affect the intention to adopt the service in Nepal, where the combination of convenience and security leads to an intention to use digital financial services (Poudel et al., 2024).

The feedback loop at Khalti, as outlined in F1 Soft (the parent company) international's corporate communications as a daily satisfaction pulse, integrates feedback systems in the app, customer support tickets, and social media sentiment, all monitored through a single dashboard for review by the products and operations management team. This feedback loop allows for immediate and iterative improvements in the offerings and helps create trust in the brand, and trust has been an important element for sustained use of digital finance applications in Nepal (Poudel et al., 2024). This rapid feedback

driven improvement process can be reflect strong customer sensing ability (Day, 2011). The effectiveness of this system cannot be fully evaluated based on the secondary data provided; the result suggests that Khalti had much faster customer feedback loops as compared to other financial institutions. Specifically, in the case of Nepal, where risk and uncertainty are major factors against the adoption of digital payments, this capacity to address customers concerns helps boost their satisfaction level and trust in the app.

The khalti case illustrates three aspects of satisfaction management that could provide a competitive advantage. To begin with, the focus of Khalti's strategy on achieving customer satisfaction as a competitive advantage resonates well with studies which found trust and reliability play a crucial role in consumers decisions-making process in the digital payment industry (Poudel et al., 2024). Second, the rapid feedback cycle in the product development process compared to the complicated organisational structure of the competitor eSewa demonstrates that a company's satisfaction management ability may give a competitive advantage through faster learning. Finally, the fit between Khalti's method of satisfying customers demands and their special needs as digital service users, like ease of use, responsiveness, and safety, demonstrates the importance of providing trust-improving properties, instead of innovations, to increase usage of digital services.

4.3.3 Case 3: Ncell- Satisfaction Challenges in Competitive Telecommunications

Ncell is the biggest privately held telecom operator in Nepal. The customer satisfaction regarding digital service quality and response times looks slightly better in Ncell as compared to Nepal Telecom; however, overall, the customer satisfaction level is low due to poor infrastructure. The reason why the satisfaction of Ncell customers is better than that of NTC includes three main factors. The first one is responsiveness to customer service. Its approach to complaint handling consists of effective complaint resolution through its own customer service support, including a call centre, as well as its mobile self-service application. The company has also established a process for escalation of complaints, which seems to operate in a more market-driven manner compared to the

customer service approach adopted by NTC, which is heavily influenced by government regulations. The study by Goet and Kharel (2023) in relation to cellular mobile service providers in Nepal confirms this competitive edge, as complaint handling was found to be one of the key predictors of customer satisfaction among consumers of both Nepal Telecom and Ncell. This finding is in line with studies where effective and responsive customer service was established as a key factor of overall customer satisfaction in the telecommunications sector (Bhatta, 2025).

The next one is the quality of digital self-service, where the mobile application of Ncell and the digital support system were found to be more accessible and user-friendly as compared to Nepal Telecom. This aligns with the findings indicating that service quality and efficiency play an important role in customer satisfaction in telecommunications services, especially in terms of accessibility and ease of use (Shrestha & Dongol, 2024).

Thirdly, there is brand modernity, where Ncell has positioned itself as the 'future of digital telecommunications' in Nepal, which has resulted in satisfaction for educated, urban, and aspiring young people in Nepal. According to Shrestha and Dongol (2024), customer satisfaction is greatly influenced by perceived value and aspects of the marketing mix, implying that branding and innovation play a critical role in increasing user satisfaction beyond service quality.

Despite all these strengths, Ncell face some structural satisfaction constraints. First, there is the issue of network quality. On average, its data throughput does not meet the minimum standard (NTA, 2023), which results in a dissatisfying experience for the customers. This limitation on network quality is important since studies reveal that network quality is the most important determinant of customer satisfaction in the Nepalese cellular sector, as Goet and Kharel (2023) show that, in the case of Nepal Telecom and Ncell, network quality seems to be a more influential determinant of customer satisfaction than any other dimension of service quality. This is also supported

by Bhatta (2025), who shows the importance of speed, availability, and reliability for customer satisfaction.

The other factor is price perception. The high pricing strategy used by Ncell results in a value-for-money gap among the price-sensitive customers despite their perceptions towards quality, making it difficult for them to experience a high level of satisfaction. This is supported by the fact that price and price fairness are key determinants of customer satisfaction, with the cost having a positive impact on customer perception (Bhatta, 2025). There is also the issue of regulatory uncertainty. Governments sometimes indicate that there is a possibility of nationalisation or forced technology transfer in the future, thus restricting the capital investment required for closing the infrastructure quality gap. The case of Ncell shows that no matter how effective a private organisation is with its management and excellent service culture, it cannot totally offset deficiencies in its infrastructure. There are certain issues in customer satisfaction that need to be addressed through policies rather than management alone.

4.4 Cross-Case Theme

The themes have been identified using a cross-case analysis approach that involved both deductive and inductive approaches to coding. The initial deductive categories came from the theoretical approach and literature related to customer satisfaction capability, SERVQUAL, relationship management, and resource-based approach theories. In comparing the case studies, other recurring themes were also identified in the secondary sources, which provided more inductive insights, such as community trust, staff continuity, digital physical integration and price value perceptions.

Theme	NIC Asia Bank	Khalti	Ncell
Community Trust	Community satisfaction	Local influencer collaboration;	Modernity of the brand attracts urban youths;

	accountability by branch managers; biswas is incorporated into post-merger communication (NRB, 2023)	community engagement events; trust as an intermediary for adoption (Poudel et al., 2024)	poor community engagement compared to other banks (Shrestha & Dongol, 2024)
Staff Continuity and Relationship preservation	CRM systems record customer preferences; tenure correlates positively with loyalty (Shrestha et al., 2026)	Interaction using platforms decreases reliance on personal interactions; feedback mechanism formalized (Day, 2011)	Formalization of complaint handling system; high turnover risk minimized by standardizing call centers (Goet & Kharel, 2023)
Digital physical integration	Dual approach to investment: mobile banking expansion + branches in rural areas; highest Play Store reviews (NRB, 2023)	Pure digital approach; low rural merchant POS penetration limits satisfaction	App based + service centers, but low quality due to network problems in rural areas (NTA, 2023)
Price-Value Transparency	Hidden charges an important source of customer dissatisfaction; changing behavior associated with fee hikes (Shrestha et al., 2026; NRB, 2023)	No hidden fee differentiation strategy; plain and simple pricing as competitive advantage over eSewa and banks	High pricing makes value for money gap among price-sensitive consumers (Bhatta, 2025; Shrestha & Dongol, 2024)

Table 3: Cross-Case Thematic Analysis

4.4.1 Theme 1: Community Trust Management

The management of community trust seems to be the most unique form of satisfaction management in all the cases under discussion. In the context of Nepal, where the society has a collectivist culture and high power distance, managing community trust (biswas) and community reputation (izzat) appears to be a unique and most important concept associated with satisfaction management in the context of Nepalese culture.

The accountability policy of NIC Asia Bank involves taking full responsibility for community-level satisfaction among its branch managers. Khalti adopts a community-oriented marketing by collaborating with the local influencers and organising a community-based events to foster trust among the rural population and users who do not possess the technical knowledge. In the case of Khalti, trust acts as both a dependent and independent variable influencing the customer satisfaction levels with respect to factors like security and reliability (Poudel et al., 2024). Similarly, Ncell's brand modernity results in satisfaction among the young customer segment of Nepal.

This makes the context of satisfaction management in Nepal quite different from that in the West, where satisfaction is viewed at the individual level. The reputation of the business in the community and its perception in the eyes of the community members have a great impact on individuals in determining their own satisfaction levels with the service.

4.4.2 Theme 2: Staff Continuity as Satisfaction Infrastructure

The high turnover rate of employees within Nepal's service sector, primarily caused by foreign employment, is another reason for satisfaction vulnerability that applies to all cases. Each time a bank teller, telephone agent, or service staff member quits his or her job, the continuity of the relationship that forms satisfaction within a high-trust culture, as in Nepal, gets disrupted. The research conducted on Kathmandu valley commercial banks suggests that relationship dependency does exist, as Shrestha, Adhikari & Adhikari (2026) found out that the customer relationship was positively correlated with customer

loyalty in the banking services sector in Nepal. It is found that it is a relationships that create a long-term commitment in the Nepalese banking industry (Shrestha et al., 2026). The organisation of customer relationships in the case of NIC Asia bank, documenting the preferences of the clients and their interaction histories within the development of Khalti's platform, and the institutionalisation of customer services in Ncell, are all industry-specific approaches that respond to the same underlying problem. This is important for Ncell as complaint handling serves as an important determinant of customer satisfaction in the telecommunications industry, according to Goet and Kharel (2023). The findings suggest that maintaining relational knowledge may be an important element in the satisfaction of customers in the Nepalese service sector.

4.4.3 Theme 3: Digital-Physical Service Integration

There are two categories of service consumers in Nepal, and their requirements are quite different. Firstly, urban consumers, who tend to be young, educated, and use smartphones, prefer fast and seamless services. Secondly, rural consumers, who are often older, less knowledgeable of technology, and may live in distant areas, require easy-to-access physical branches or human representatives. The organisations that perform well in terms of satisfaction have adopted a dual-channel strategy. This is evident in the case of NIC Asia Bank, where it is investing heavily in its digital banking and also expanding its rural branches. In the telecommunication sectors, Ncell combines both digital service platforms like mobile applications and physical service centres, but faces under-performance in the rural areas.

The companies serving clients using only one type of infrastructure, either digital or physical infrastructure, have varying levels of satisfaction results due to accessibility. The findings suggest that satisfaction outcomes in Nepal depend on how well the firm integrates its digital and physical service channels. Companies that have a good level of alignment between these channels can easily achieve consistent satisfaction outcomes regardless of differences in access to technology and the digital capability of the customers.

4.4.4 Theme 4: Price-Value Transparency

Price-value satisfaction sensitivity is one of the most important aspects of customer satisfaction in the Nepalese consumer market due to the limited and unstable income. One of the most prevalent issues when it comes to satisfaction in the Nepali banking sector is hidden charges or an increase in fees, which reflects the consequences of inadequate price value management (NRB, 2023). The following fact was confirmed using primary research data: Shrestha, Adhikari & Adhikari (2026) discovered that increased fees were among the major reasons for customers of Kathmandu valley banks to switch banks. The value proposition offered by Khalti for no hidden charges is evident through its simple pricing structure compared to that of banks. This implies that Khalti enjoys a comparative advantage in the value-for-money factor, which results in high customer satisfaction. On the other hand, the high-cost pricing strategy used by Ncell creates dissatisfaction among customers due to the perception that the prices charged by the company do not correspond to the value offered. This is supported by the study of Bhatta (2025), where fairness in price plays a key role in satisfaction among consumers, and Shrestha and Dongol (2024), who found that value plays a critical role in customer satisfaction in Nepal's telecom industry. This suggests that the match between price and value is an essential component of customer satisfaction within the Nepalese service industry.

5. Discussion

This section combines results obtained from the cross-sector secondary analysis as well as the three organisational case studies. The answers to RQ1 and RQ2 will come from the results found in the Nepalese banking sector, telecommunication industry, and DFS sector, whereas the answer to RQ3 will come from the comparison between NIC Asia Bank, Ncell, and Khalti.

5.1 Addressing the Research Questions

5.1.1 RQ1: Customer Satisfaction as a Strategic Resource in Nepal

The findings show that capabilities for customer satisfaction could be considered strategic resources under certain circumstances in the service industry in Nepal. This implies that while the capabilities for satisfaction do not automatically fulfil the criteria outlined by the VRIN framework in the RBV model (Barney, 1991), they can become strategic resources when they are integrated within the organisations and their relational network.

The findings suggest that these conditions include community trust, local reputation, ability to learn from complaints, employee stability, and the integration of digital and physical services. In Nepal's collectivist and relation-oriented community, customer satisfaction seems to be more related to trust-based relationship rather than service delivery alone. This interpretation is in line with the relationship-based and the service-dominant perspectives that have been proposed in the marketing literature (Vargo & Lusch, 2004; Vargo & Lusch, 2016). The findings have also provided some support for the RBV's path dependence and social complexity of resources (Dierickx & Cool, 1989). The concepts of trust and relational continuity within the community may be difficult to replicate by the competitors in the Nepalese market since they evolve gradually through long repeated interaction and institutional reputation.

There are also limitations of satisfaction-based competitive advantage from the analysis of results. There are some industries, such as telecommunication, where the level of infrastructure and regulations restricts the effectiveness of only organisational practices in providing satisfaction results. The same is true for digital payment services, which operate in contexts of low switching costs, leading to unstable customer loyalty.

From these findings, it can be suggested that customer satisfaction itself cannot be considered a competitive advantage. This indicates that loyalty based on customer satisfaction may become more significant in the future. The concept of customer satisfaction capability in Nepal can be considered a strategic resource when combined with building trust, ensuring service reliability, and organisational learning systems under a certain institutional and cultural context.

5.1.2 RQ2: Measurement Limitations and Adaptations

The findings section indicates that there are numerous challenges when it comes to measuring customer satisfaction in Nepal, which makes it extremely difficult for conventional methods to be validated successfully. These challenges arise due to linguistic and cultural differences, and also a lack of standardised measurement approaches. Existing methods, such as SERVQUAL (Parasuraman et al., 1988), NPS (Reichheld, 2003), Customer Effort Score (Dixon et al., 2010), and customer satisfaction measures on a national level, such as ACSI and ECSI, have been designed in most of the Western institutions where customers freely share their opinions and thoughts regarding the service and products.

The findings of this study show that these methods cannot accurately reflect the nature of customer satisfaction in Nepal due to the presence of different languages, a culture with high power distance, disparities in access to technology, and relationship-based service expectations. The use of formal Nepali language in survey tools excludes a large number of consumers who do not speak Nepali, leading to sampling bias. Another issue is silent dissatisfaction, where dissatisfied customers choose not to file any complaint,

thus making the level of satisfaction look higher than it really is. This is an example of behavioural reaction to dissatisfaction that might not be implied by traditional measurement of customer satisfaction. While SERVQUAL factors like reliability and responsiveness play a significant role in determining satisfaction, it is evident from the results that relationship-based variables such as trust and social interactions are also the key elements. Here, the PAKSERV (Raajpoot, 2004) model, which tries to apply the service quality concept in non-Western countries by including culturally embedded relational aspects, appears more appropriate. Furthermore, the results also suggest the possibility of creating a customer satisfaction model for Nepal, which may include the use of multilingual surveys, visual rating techniques, and a relationship-based measures.

5.1.3 RQ3: Organisational Management Practices

The analysis of the case has shown that there are several conditions within the organisations in Nepal that enable the practice of strategic satisfaction management. The first one represents community relation management systems, which involve the process to systematically monitor and control community-level satisfaction, such as local feedback, reputation management, and relationship results. The features of accountability systems used by NIC Asia Bank, community-based activities by Khalti and branding done by Ncell suggest that these organisations are willing to manage their customers trust at the individual and community level. Similarly, the findings imply that the quick integration of customer feedback could contribute to organisational responsiveness. This is supported by Khalti's digital feedback systems and Ncell's complaint management systems that reflect organisational learning processes. There is also digital physical integration, which shows the management of service quality through both the digital and physical platforms. The organisations that manage customer experiences relatively better usually have both digital and physical accessibility, along with interpersonal support.

The issues such as regulatory uncertainties, costs associated with infrastructure, and the existence of a duopoly in the market are some of the issues that hinder the extent to

which firms can convert managerial capacity into customer satisfaction outcomes. This suggests that customer satisfaction is not only a function of the organisation but also of the regulatory environment within which organisations operate. This suggests that any policies that could restrict investment or market flexibility have a clear effect on customer satisfaction, and this cannot be completely outweighed by organisational strategy. Therefore, it can be seen that customer satisfaction management in Nepal is not only an organisational issue, but it is also an institutional issue, which is influenced by many other social, infrastructural, and cultural factors.

5.2 The Nepal Satisfaction-Strategy Framework

5.2.1 Framework Architecture

The Nepal Satisfaction Strategy Framework (NSSF) is proposed as a conceptual framework derived from the review of the secondary sources, case studies, and customer satisfaction literature. This model has been developed through the combination of several elements that are derived from various literature reviews of Resource-Based View theory, the literature on service quality based on SERVQUAL approach, relationship marketing research, and case analysis. The dimensions of Satisfaction Measurement Maturity and Strategic Integration Depth are developed based on customer analytics and literature on strategic management. However, the idea of community trust infrastructure and digital-physical integration is more inductively gained from the case studies in Nepal.

This framework applies the Satisfaction-Strategy Performance Matrix (SSPM) in order to consider the characteristics of Nepalese institutions, culture, and structure. The model positions organisation along two major dimensions: Satisfaction Measurement Maturity (SMM) and Strategic Integration Depth (SID), with the support of two contextual capabilities: Community Trust Infrastructure (CTI) and Digital Physical Integration Capability (DPI). The Satisfaction Measurement Maturity reflects the complexity of

measurement and customer intelligence systems within an organizations, which start from the absence of any formalised measurement (Level 1), through ad hoc surveys (Level 2), use of validated tools (Level 3), multi-channel data integration in real time (Level 4), to predictive analytics (Level 5). It has been observed that Nepalese companies are mostly operating at Level 2 or lower. Similarly, Strategic Integration Depth determines the extent to which satisfaction data is used in the organisational decision-making process. This includes not using satisfaction data for any strategy formulation (Level 1), managing the operations through feedback (Level 2), using the satisfaction data in reporting (Level 3), integrating the data in allocating the resources (Level 4), and governance and accountability at the enterprise level, including the board members (Level 5). Many businesses in Nepal are found to operate at Level 1–2, but the transition to Level 3 and 4 can be noted in the case of Khalti through its feedback mechanisms.

5.2.2 The Four NSSF Archetypes

According to NSSF, there are four kinds of firm archetypes, depending on different levels of measurement maturity and strategic integration depth. The SERVQUAL gap analysis, which indicates that reliability and responsiveness are the primary factors for customer satisfaction, is captured in the NSSF by the Measurement Maturity and Digital-Physical Integration scales, which measure the organisation's capacity to measure and deliver reliable services.

Q1 - Relationship Champions: This category of firms has good community trust and relationships with their customers, but does not possess high levels of measurement and strategic integration. These organisations have created a trust (biswas) and social legitimacy, and this is an asset for them, but it is weak, too, since it is not fully institutionalised. They are vulnerable to the risk of staff turnover and organisational changes. Their developmental strategy involves the institutionalisation of relationship knowledge through the CRM system and relationship management among communities.

Q2- Digital Disruptors: These organisations have relatively developed measurement systems as well as digital capabilities, but do not have community trust infrastructure. This also includes fintech platforms like Khalti. They have an advantage in terms of their feedback mechanisms in real time, but their weak relational embedding exposes them to risks in terms of maintaining loyalty over time. Their growth depends upon gaining the trust of the community through mobilisation at the local level and moving away from the urban digital crowd.

Q3- Legacy Laggards: They lack not only the measurement maturity but also an effective trust infrastructure. They represent the organisations that are prone to disruptions both from relationship-based competitors and digital entrants, which are common for the public sector as well as small traditional companies. The findings suggest that these organisations may not be highly committed to managing customer satisfaction and may not be able to satisfy the customers demands.

Q4- Integrated Leaders: These organisations have a high level of measurement maturity, high strategic integration, community trust infrastructure, and the ability to be digitally and physically integrated. This indicates that the process involved in achieving this archetype is not only dependent on the improvement of measurement capabilities, but also requires the development of the trusted community infrastructure, as data-based methods are not sufficient in the Nepalese relationship environment.

It should be noted that the NSSF is not an empirically validated model, and thus it should be regarded as a theoretical development and a possible guide for future research concerning customer satisfaction capability in Nepal.

	Low Strategic Integration	High Strategic Integration
High Measurement Maturity	Q1: Relational champions Strong trust, limited data systems: Vulnerable to	Q4: Integrated Leaders Combine trust, measurement and governance

	disruptions without institutionalisation	
Low Measurement Maturity	Q3: Legacy Laggards Weak trust and data: highest disruption risk: requires foundational change	Q2: Digital Disruptors Strong data, weak community roots

Table 4: The NSSF Four-Firm Archetypes

6. Conclusion

6.1 Theoretical Contributions

The main contributions of this thesis are as follows:

First, the study has made a contribution through the analysis of the ability of the firm to create customer satisfaction within an emerging economy characterised by collectivism, diverse infrastructure, and institutional diversity. The findings show that there are some additional factors that influence customer satisfaction in Nepal apart from transactional quality of service, which include trust in the community and relational consistency. The second significance of this research is that it adopts the RBV perspective in relation to managing customer satisfaction within the Nepalese institutional environment. The findings show that satisfaction capabilities could be considered strategically valuable in terms of the trust infrastructure, complaint learning system, and digital-physical integration. At the same time, there are also limitations on using such satisfaction capabilities due to infrastructure and regulatory factors.

The study also contributes by indicating that silent dissatisfaction can be considered as a contextual problem that can be significant for the measurement of customer satisfaction in the high power distance service contexts. The findings indicate that traditional complaint measures and surveys can underestimate customer dissatisfaction. The study broadens the scope of the currently available strategic frameworks by including Nepal-specific institutional, cultural, and structural factors to create the Nepal Satisfaction-Strategy Framework (NSSF), which is a conceptual framework that could be used in future research related to the customer satisfaction capability in Nepal.

However, the contributions must be considered with caution, as this study relies entirely on secondary data and lacks empirical validation of the proposed theoretical framework.

6.2 Managerial Implications

There are some managerial implications for service organisations in terms of the changing trends in the service economy of Nepal. First, the findings indicate that the role of communication and relationship management may become increasingly important during organisational changes such as digital transformation and mergers. In order to minimise the uncertainty during the service transitions, it becomes important to adopt a proactive approach towards communication and relationship management.

Second, the findings show that responsiveness and reliability are important factors in digital financial services and telecommunications sectors. The development of systems to resolve complaints, along with service stability and accessibility, might be helpful for the customer experience.

Thirdly, there is some evidence to support the idea that using both digital and physical service delivery models may work well for an organisation compared to relying on just one model. This is particularly true in the case of Nepal, considering the differences that exist among its customers in terms of digital knowledge, geography, and infrastructure availability.

Finally, the result implies that the customer satisfaction management in Nepal requires not only optimisation of customer transactions but also the management of community trust as well. Therefore, when it comes to relation-oriented organisations, in addition to customer satisfaction management, reputation and social legitimacy should also be considered. The above conclusion should be carefully considered as they are derived from secondary evidence and a limited number of case studies.

6.3 Limitations

There are some significant limitations of this study.

Firstly, the research is based on secondary data sources alone, including regulatory reports, scholarly articles, corporate literature, and industry journals. Therefore, the findings are highly dependent on the quality, transparency, and comparability of the existing evidence.

Secondly, there is variation in terms of both the quality of the methodology employed and the data collected. A wide variety of definitions, survey instruments, and operational tools are used for assessing customer satisfaction, making it difficult to compare scores from one industry to another.

Third, there is a strong geographical concentration of available evidence, mainly in urban centres such as Kathmandu Valley. The available data is insufficient and does not properly reflect the rural population and non-Nepali-speaking populations.

Fourth, there could be corporate reporting bias because there are incentives for organisations to make their customer satisfaction programs look good in their annual reports and communications.

The fifth limitation is that the study cannot establish any causal relationship between customer satisfaction and financial performance because no quantitative analysis has been done either within or outside the organisation.

Finally, the Nepal Satisfaction-Strategy Framework (NSSF) developed in this thesis is purely conceptual in nature and has yet to be empirically validated.

6.4 Future Research Directions

The findings suggest some of the important directions for future research.

The need for primary research using reliable and context-specific tools for measuring customer satisfaction in Nepal seems to be high.

Secondly, future research should focus more on customers from the rural sector and those from a multilingual background to address the urban and linguistic biases in existing evidence.

Third, future studies should empirically test the Nepal Satisfaction Strategy Framework (NSSF) using organisational and consumer data.

Fourth, there is scope for future research relating to the development of the Nepal Customer Satisfaction Index (NCSI). This can involve the possibility of developing indices across multiple languages, along with relational measures and cross-sectoral benchmarking capability.

Fifth, comparative studies among various service markets in South Asia may help to understand regional patterns and differences in the management of customer satisfaction.

Finally, the future studies that help to connect the customer satisfaction indicators to financial performance, customer loyalty, and competitive behaviour may help to enhance the knowledge of the strategic implications of customer satisfaction within Nepal's service economy.

The service industry in Nepal finds itself at a crucially important spot. Due to the adoption of technology, the growth of the middle-class population, the concentration of the banking sector, and the increased level of competition, the issue of customer

satisfaction is becoming increasingly important for strategy formulation. The Firms that can merge the strengths from Nepal and also the modern world with regard to measuring, analysing, and integrating their strategies, may gain sustained competitive advantage. Here, customer satisfaction would no longer be seen as an operational outcome but rather as a strategic resource with great implications for organisational performance and economic growth.

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