Effects of Service Quality on Guest Satisfaction in Restaurants Business

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ABSTRACT

Service excellence is the main reason for customer satisfaction in competitive hospitality sectors, especially in emerging economies like Nepal. Global studies confirm this, but there is little empirical research on Nepal's dining industry, particularly in developing areas like Karnali Province. The study aims to find out the link between service quality and guest satisfaction in the restaurant business of Birendranagar, Surkhet. The main objective of the study is to analyze the five key dimensions of service quality, which are tangibility, reliability, assurance, responsiveness, and empathy, and their influence on consumer satisfaction in the restaurant sector. A quantitative approach for the research was adopted. A total of 406 people were surveyed through a structured questionnaire to collect the data. Then, correlation and regression analysis with SPSS was performed to evaluate the effect of each service dimension on overall satisfaction. The four dimensions such as tangibles, assurance, responsiveness, and empathy were found to have a significant positive association with guest satisfaction according to the analysis. On the other hand, reliability was not considered as a statistically significant predictor of satisfaction levels in this particular market. The results suggest that the main factors influencing customer satisfaction in restaurants at Birendranagar are the physical environment, staff skill and friendliness, quick service, and personal care. The result for reliability, which is not significant, shows that local enterprises need to work on maintaining consistent service. This study presents realistic recommendations for the owners of restaurants to tactically improve their service and thereby acquire a competitive edge.

1. INTRODUCTION

Quality of service in the hospitality industry is a major factor that leads to customer satisfaction and loyalty among the consumers of restaurants. The changes that have taken place globally in the areas of customer

expectations, technological lag, and lifestyle changes have completely changed the way in which people score the restaurants (Parasuraman et al., 1988; Zeithaml et al., 2018). The rapid development of the restaurant business in urban areas, especially in the developing parts of the world like Karnali Province in Nepal, is one of the reasons for the increasing consumer expectations for these attributes: reliability, cleanliness, and customization of services. The changes resulting from the above-mentioned factors make it very necessary to understand the concept of service quality as a main strategy for customer loyalty and business sustainability in the long-run.

In addition to the matter of individual companies, this issue impacts society at large and the economy as well. The restaurants are known to be the major source of employment, entrepreneurship, and tourism in the area, thus considered as the factor that makes people come to the area which, in turn, increases the local economy (Johns et al., 2018). The scientific approach to the service quality issue aids in the enhancement of the behavioral and management theories on consumer satisfaction, whereas the government viewpoint, it provides the needed standards that relate to the improvement of food safety, hygiene, and consumer protection (Johns & Pine, 2002).

The SERVQUAL model characterizes service quality as a multi-facet element of tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988). Every single dimension has its own way of affecting customer satisfaction that varies from physical environment and staff behavior to emotional interaction and trust. Studies in different markets have proven that the quality of service directly impacts customer satisfaction, brand loyalty, and positive word-of-mouth (Hanaysha et al., 1999). Nevertheless, the vast amount of literature from around the world hasn't been able to attract empirical research on service quality and satisfaction in smaller urban markets in Nepal, thus necessitating localized study (Ladhari, Kandampully, Zhang, & Bilgihan, 2015)

This study is based on the SERVQUAL model formulated by Parashuraman et al. (1985, 1988), which provides a very wide angle for looking at perceived service quality. The model marks out five important dimensions, tangibles, reliability, responsiveness, assurance, and empathy that work together in setting the customers' overall satisfaction with service delivery. Tangibility stands for the physical aspects, like buildings, machines, and the look of the staff. Reliability is the power to provide the expected services with accuracy and reliability. Responsiveness is the aspect of being ready to help and offering fast service. Assurance is linked to the employees' skills and their ability to generate trust. Empathy is personalized attention and concern for the consumers.

The model suggests that performance dimensions are independent variables, while consumer satisfaction is the only dependent variable. According to the model, consumer satisfaction will also increase with the improvement of performance in the service dimensions (Cronin & Taylor, 1992).

The conceptual framework of the study is the idea that service encounters, through the SERVQUAL dimensions, influence emotions and ultimately lead to satisfaction (Oliver, 1997). The research variables, hypotheses, and analytical models are built following the theoretical position; thus, they are in line with the methodological design. The study focuses on how the quality-of-service influences customer satisfaction and loyalty in the restaurant sector of Nepal's urban areas, which are developing.

In the past, research has always maintained that the quality of service is the main factor that determines the satisfaction of customers, their loyalty, and the long-term performance of restaurants in the industry. The SERVQUAL model (Parasuraman, et al.,1985) is one of the most significant models in this field and has

made a major impact on contemporary research by introducing the five aspects through which customers assess the service: tangibility, reliability, responsiveness, assurance, and empathy. Hospitality studies have shown that when the service quality improves, customer satisfaction and loyalty also increase (Ali & Amin, 2014; Ryu & Jang, 2008). Researchers also point out that customer satisfaction is the mediator between service quality and the behavioral outcomes, such as loyalty and repurchase intentions (Anderson & Sullivan, 1993).

There is much empirical support for these claims, yet the discussion in the literature is still going on. On the one hand, the SERVQUAL model has brought in so much empirical evidence but on the other hand, the performance-only measures, such as SERVPERF (Cronin & Taylor, 1992), have confronted it, and thus, the expectation-performance gap model has been challenged. Additionally, researchers conducting cross-cultural studies have found that there are differences in the relative importance of the service dimensions. It has been found that people in collectivist cultures will value empathy and assurance more than people living in individualist cultures, where higher weight is placed on responsiveness and reliability (Donthu & Yoo, 1998; Lee & Ulgado, 1997). These differences imply that the service quality perceptions are not the same all over the world and they have to be understood by taking the cultural and regional factors into account.

Recent studies have signaled that technology, safety issues, and shifting customer expectations are driving the changes in the market. The service efficiency and customer delight are being accredited more and more to digital interfaces, mobile ordering, automated service platforms (Nguyen, 2020; Tan et al., 2014). The research conducted after the pandemic also accentuate the situation with the necessity of cleanliness, hygiene, and safety measures especially in the foodservice areas where the customers have become very particular (Liu & Lee, 2016). So, these developments are indicative of the quality spectrums of services being extended to the digital and environmental facets, along with the traditional personal interactions.

The existing studies demonstrate the lack of research in developing countries. Even though the international studies affirmed strong relationships between the service quality and customer satisfaction, the evidence from Nepal is still very limited and dispersed. The majority of the local studies are in banking or tourism sectors, while service quality in restaurants has rarely been studied or investigated in relation to the constraints specific to the region (Karki et al., 2022; Neupane, 2014). In particular, the understanding of the five SERVQUAL dimensions is very scarce in places like Karnali, which is a rural and resource-poor province where the infrastructural bottlenecks, lack of manpower and diversity in culture may collectively affect the perception of the service.

The literature, taken as a whole, reveals a very strong agreement about the significance of service quality but at the same time emphasizes the need for specific investigations based on the particular context. The present research directly addresses these voids by exploring the mentioned relationships in the context of Nepalese restaurants, thus providing relatively fresh and localized evidence that can be used to enlarge the global understanding of the dynamics of service quality.
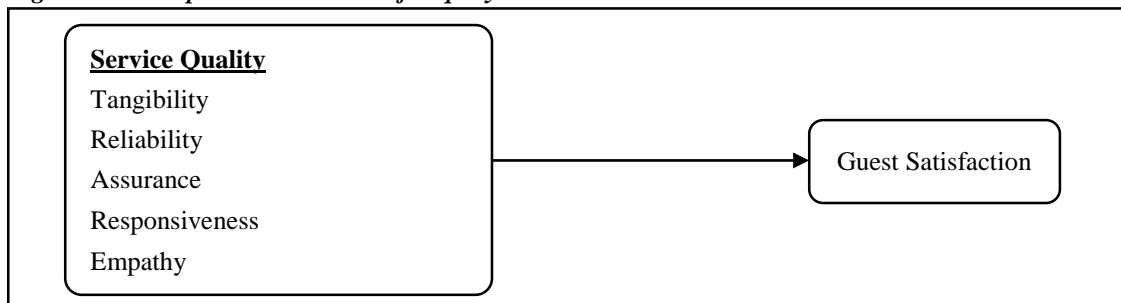
The SERVQUAL model (Parasuraman et al., 1988), after all its fame, has not been accepted without question, and studies have different conclusions regarding its dimensional structure and appropriateness for different cultures and markets. Besides, the SERVQUAL dimensions could even deceive the researchers with skewed service perceptions, but they are not always solely dependent on them, and hence they are also considering the use of SERVPERF (Cronin & Taylor, 1992) as another model. However, little is disclosed about the contribution of these dimensions to the hospitality sector in low-resource rural areas or the emerging tourism

industry of developing economies, despite the findings. These theoretical statements emphasize the requirement of new studies on SERVQUAL's dimensional relevance in different cultural and geographic contexts.

Service quality and customer satisfaction have been mutually interdependent concepts in the hospitality sector, but most empirical studies that link them directly have been done in developed markets or urban hospitality settings. Globally, the evidence is reassuring and points out that the five dimensions of service quality: tangibility, reliability, responsiveness, assurance and empathy do impact customer satisfaction (Ryu, et al., 2012), however, still very little evidence is found in the case of Nepal. Already existing Nepali studies are predominantly focused on banking and tourism sectors (Karki et al., 2022; Khadka & Malviya, 2024; Neupane, 2014), ignoring the quality marker of the restaurants. Moreover, regions like Karnali Province have strict research isolation in terms of service quality studies. Infrastructural hurdles, limited labor supply, and cultural mix may challenge the hope of the business firms in the consumer market because they may be totally opposite. In addition, the influence of post-pandemic concerns associated with hygiene and safety on customer behavior in rural Nepalese restaurants has not been adequately researched. Thus, the absence of context-specific research forms a clear gap which the present study is trying to fill.

This study investigates the degree of influence of service quality on customer satisfaction in the restaurant sector in Karnali Province, Nepal. Figure 1 Shows the conceptual framework of the study.

Figure 1: Conceptual Framework of Inquiry

Source: The SERVQUAL Model: Adopted from Parasuraman et al. (1988)

Based on the SERVQUAL model and supporting literature, the following hypotheses are proposed.

Tangibility and Guest Satisfaction: Tangibility means the physical or material things surrounding the service, for instance, a neatly organized restaurant, the look of the personnel, and the layout of the menu. In this aspect, the hospitality industry is where the service and beauty of the restaurant practically give a chance to the customer to relax (Ryu et al., 2008). Through a study done in Nepal Karki et al. (2022) concluded that tangibles were the most important factors for customers to be satisfied in the hotels. In the post-Corona period, it is clients' concern for cleanliness that would top the list of things in restaurants (Liu & Lee, 2016), and this was even the case in the remote and less developed areas like Karnali. Based on this, the study proposes the following hypothesis.

H_1: Tangibility has a significant impact on customer satisfaction levels in the restaurant industry.

Reliability and Guest Satisfaction: Dependability is one of the main SERVQUAL factors and indicates the capability of the providers to carry out the promised service with reliability and precision (Parasuraman et

al., 1988). In the case of restaurants, this covers the following: food quality consistency, order accuracy, and promptness in delivery. Reliability has been recognized as a major factor affecting the overall guest perception and satisfaction levels by the international studies Appiah (2021); Bojanic and Rosen (1994). Ghimire et al. (2025) in Nepal ranked reliability as the most important factor for the service industries, banking, to be precise. Going a step further, it can be said that in restaurants of Karnali Province, where trust in the service is built among both local and tourist consumers, reliability will have a strong positive influence on satisfaction. Hence, the hypothesis has been formulated as follows based on the mentioned evidence.

H_2: The reliability factor has a significant impact on the degree of customer satisfaction in the restaurant industry.

Assurance and Guest Satisfaction: Assurance is a term used to describe the employees' skills, politeness, reliability, and their ability to win the trust and confidence of the visitors. This applies in restaurants to the staff being knowledgeable, professional, and able to communicate issues effectively (Parasuraman et al., 1988). Andaleeb and Conway (2006) assert that assurance is very important in the area of customer satisfaction, especially at places where the safety and cleanliness of food are in question. Considering Karnali, where different customers might have different expectations due to cultural and regional aspects, assurance is a good tool to close the gap of service confidence and to bring about satisfaction. This can be seen from the hypothesis that this study has constructed as follows.

H_3: Assurance has a significant impact on the level of guest satisfaction in the restaurant business.

Responsiveness and Guest Satisfaction: Responsiveness is the help with the customer's needs that the staff is ready, willing, and able to provide in a short period of time. In a restaurant context, this would entail serving customers quickly, resolving customer complaints immediately, and communicating with the customers (Parasuraman et al., 1988). Shrestha et al. (2025) argued that demand for responsiveness is one of the major reasons the restaurant industry in Nepal is going through a digital transformation, which is also a condition for customer satisfaction. Experienced and responsive service, in fact, can alter the way customers perceive the situation in Karnali, where delays in accessing infrastructures may happen, and thus make them happy by offsetting the negative impact of the mentioned limitations on the quality of the total experience. This research, therefore, based on such a finding, has developed the hypothesis below.

H_4: Responsiveness is a major factor that leads to the level of customer satisfaction in the restaurant industry.

Empathy and Guest Satisfaction: Empathy is a concept that conveys the idea that a person who receives personalized attention, understanding, and care from the service staff can comprehend their needs and feelings (Parasuraman et al., 1988). In restaurant services, performing empathetic acts like remembering the preferences of the guests, helping them with their special needs, or offering them a greeting in their language can not only establish emotional connections but also lead to customer satisfaction. According to research conducted by Mahato and Goet (2020) in the Nepali hospitality sector, the authors found that empathy has a great impact on the loyalty and satisfaction of customers. As far as Karnali Province is concerned, where cultural sensitivity and community-based hospitality are two of the main things that people value, empathy could be a very important factor that not only elevates the guest experience but also sets your business apart from the rest. This study, therefore, based on the evidence given, has come up with the following hypothesis.

H_5: Empathy has a significant impact on the degree of restaurant guests' satisfaction.

2. METHODS

The study was based on a quantitative survey, and it aimed to investigate the influence of SERVQUAL dimensions on the satisfaction of customers in restaurants in the Karnali Province. The quantitative approach was justified as the focus of the study was on the testing of hypotheses derived from theory and the measurement of the relationships between the attributes of service quality and consumer satisfaction through the use of statistical methods. This research design is in line with the SERVQUAL model's empirical path, and it is widely advised for studies that are looking for generalizable patterns in consumer perceptions (Cronin & Taylor, 1992; Parasuraman et al., 1988).

The study was carried out in chosen restaurant establishments located in the Karnali Province of Nepal. The data collection was done in the months of March and April 2025, which is considered a time frame appropriate for the gathering of consumer experiences that have not been impacted by the upsurge in seasonal tourism. The geographical consumer situation of this study is vital because the regional limitations coming from the infrastructure, workforce, and service standards may have an impact on service perceptions and satisfaction.

The population comprised individuals who had at least one meal in the local restaurants. The population number was not specifically known, but the sample size was still estimated in accordance with the standard formula for large or unbounded populations at a confidence level of 95 percent. Given p = 0.5, which yields the greatest variability and a margin of error of 0.05, the minimum number of participants required for the sample was 384. On the other hand, Google form links were dispatched to 450 potential respondents, whose non-response would need to be accounted for, thus leading to 406 valid responses. Because no sampling frame was defined, the researchers opted for convenience sampling, which is a method that is typically employed in customer satisfaction studies when the target population is widespread and not clearly defined (Rust & Oliver, 1994).

The collection of data was carried out through a structured questionnaire, which was changed from the SERVQUAL instrument (Parasuraman et al., 1988). The instrument represented the demographic and statements which assessed tangibility, reliability, responsiveness, assurance, empathy, and overall satisfaction, which were given scores based on a five-point Likert scale. The questionnaire was culturally adapted for Nepal in terms of language and service expectations. The preceding study demonstrates the importance of adjusting the instrument while using SERVQUAL in different cultural settings to guarantee that content validity and contextual relevance are preserved (Zeithaml et al., 1996). A web-based survey was conducted as a means to reach more people and also to guarantee the anonymity of the respondents. Ethical matters were dealt with by informing the participants that their participation was voluntary and that the data would solely be used for academic purposes.

Both types of data analyses, i.e. descriptive and inferential, were chosen as methods for the evaluation of data. Data from the survey was handled using IBM SPSS version 20. During that process, data underwent coding, cleaning, and the application of statistical techniques. The consumer quality service perception of the various dimensions has been almost as obvious as the descriptive statistics (mean and standard deviation) application has shown. Correlation analysis has been very instrumental in showing not only power but also the direction of the relationships between specific pairs of variables. Multiple regression analysis was performed to evaluate the extent to which guest satisfaction could be explained by the five SERVQUAL dimensions. Testing for multicollinearity was done with the help of the Variance Inflation Factor (VIF), and

all the values found were below the set limits (VIF < 10). The dimensionality of the modified questionnaire was confirmed by exploratory factor analysis, which, according to Qin & Prybutok (2009), also indicated that this method is standard when validating SERVQUAL instruments in new contexts. The application of these statistical techniques gave very strong support for the analysis of the customers' satisfaction at the restaurant in the province according to the different dimensions.

The methodological approach, however, is not without its limitations. First of all, the limitation of generalizability from convenience sampling is among the disadvantages of this approach, which relates to the larger population. Secondly, the employment of a cross-sectional design, which involves data collection at a single point in time, does not permit making any inference about the ongoing changes in perceptions over time. In addition, there is a chance that response bias may be present due to self-report data.

3. RESULTS

For analysis, 406 responses that were valid were kept in total. Before the hypothesis testing in SPSS was done, the dataset was checked to get an overall picture of the response and to know the demographic characteristics of the participants. These descriptive results are summarized in Table 1.

Table 1: Descriptive Statistics

Variables	Categories	Frequencies	Percentage
Gender	Male	239	58.90
	Female	167	41.10
Age	18-24	219	53.90
	25-34	123	30.30
	35-44	60	14.70
	Above 45	4	1.10
Frequency to visit	Daily	100	24.60
	2-3 times a week	122	30.10
	Once in a week	100	24.60
	Occasionally (less than once a week)	48	11.80
	Rarely (once a month or less)	36	8.90

The demographic features of the survey respondents are summarized in Table 1. If we consider this data, the distribution of sex in the sample is presented, which consisted of 58.9 percent of the male respondents and 41.1 percent of the female ones. By the same token, the majority of the respondents were young people. The age group of 18-24 years took more than half of the total sample 53.9 percent, and the next largest age group was made up of 30.3 percent of people aged 25-34 years. Only 14.7 percent were from the age group of 35-44, and there was an extremely small fraction (1.1 percent) of people aged over 45 years. The population pyramid might be showing the targeted demographic of the Nepalese restaurant market, where younger people are the most energetic ones because they dine out socially more often and try modern foodservice formats more. The visit frequency also tells a similar story - a little over half of the respondents were regular or frequent diners, as 30.1 percent visited two to three times a week and another 24.6 percent went once a week. 24.6 percent of the respondents declared visits on a daily basis, while 11.8 percent and 8.9 percent were categorized as occasional and rare visitors, respectively.

Data analysis started with an assessment of reliability and validity. This stage involved checking the internal consistency of the measurement scales through Cronbach's alpha as well as getting feedback from peers and senior faculty on the questionnaire items in order to confirm that they are clear, relevant, and valid in terms of content.

Table 2: Reliability Test

Reliability Statistics		
Measures	**Cronbach's Alpha**	**No. of Items**
Tangibility	0.896	5
Reliability	0.874	5
Assurance	0.899	5
Responsiveness	0.905	5
Empathy	0.812	5
Guest Satisfaction	0.911	5
Overall	**0.962**	**30**

The reliability statistics for the measurement scales used in this research are presented in Table 2, where they were evaluated by Cronbach's Alpha coefficient. Reliability analysis was performed to assess the internal consistency of the items that comprised each construct. Cronbach's alpha coefficients for all the construct were in all cases considerably above the minimum limit of 0.70, exceeding the threshold value.

Moreover, the questionnaire was an extremely consistent and reliable data collection tool. The very high alpha coefficients for all scales used are strong signals that the measures taken in this research are reliable and that items for each construct consistently refer to the same underlying concept thus they are preserving the integrity of the collected data for further analysis.

Table 3: Correlation Matrix

The correlation matrix is presented in Table 3. The result reveals that the correlations between guest satisfaction and the predictor variables were examined. As per the matrix, all five service quality dimensions have statistically significant, positive, and strong correlations with guest satisfaction.

	Tangibility	Reliability	Assurance	Responsiveness	Empathy	Guest Satisfaction
Tangibility	1					
Reliability	.792**	1				
Assurance	.807**	.839**	1			
Responsiveness	.778**	.841**	.846**	1		
Empathy	.745**	.830**	.848**	.846**	1	
Guest Satisfaction	.806**	.800**	.801**	.807**	.773**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867[a]	.753	.749	.38782

a. Predictors: (Constant), Empathy, Tangibility, Reliability, Responsiveness, Assurance

b. Dependent Variable: Guest Satisfaction

Table 4 displays the extent to which each of the five SERVQUAL dimensions of service quality, i.e., Tangibility, Reliability, Responsiveness, Assurance, and Empathy, are associated with a customer's overall experience (guest satisfaction), based on regression results obtained from the Statistical Package for the Social Sciences (SPSS). The study using the SERVQUAL model revealed that the five facets of service quality together explain more than 75% of the variance of guest satisfaction ($R^2 = 0.753$). Moreover, R values represent an overall correlation between the independent variables (service quality dimensions) and the dependent variable (guest satisfaction), thus showing a very strong correlation (R = 0.867) between them.

An adjusted R^2 of 0.749 for the service quality dimension analysis suggests that the analysis results showed that the SERVQUAL dimensions still have a very strong and stable predictive power of guest satisfaction, even when considering the complexity of the model.

In general, these results provide supporting evidence that the quality-of-service dimensions are the main factors influencing the level of guest satisfaction.

Table 5: ANOVA Table

	Sum of Squares	df	Mean Square	F	Sig.
Regression	182.954	5	36.591	243.288	.000[b]
Residual	60.161	400	.150		
Total	243.115	405			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Empathy, Tangibility, Reliability, Responsiveness, Assurance

The ANOVA table is presented in Table 5. The table demonstrates the great statistical strength of the model as shown by the F-statistic of 243.288 (*p* < .001), which strongly rejects the null hypothesis. This means that the total effect of the SERVQUAL dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) on guest satisfaction is very significant. Therefore, the model can be used for regression.

Table 6: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.395	.114		3.460	.001		
Tangibility	.305	.043	.323	7.068	.000	.295	3.384
Reliability	.165	.054	.168	3.068	.002	.206	4.865
Assurance	.135	.060	.131	2.245	.025	.182	5.484
Responsiveness	.210	.051	.230	4.088	.000	.196	5.108
Empathy	.088	.055	.087	1.593	.112	.208	4.810

a. Dependent Variable: Guest Satisfaction

The outcomes of the multiple regression analysis revealing the SERVQUAL dimensions (tangibility, reliability, assurance, responsiveness, and empathy) to affect the customer satisfaction at the restaurants in the Karnali Province region, Nepal have been presented in Table 6. The unstandardized coefficients (B), t-statistics, and p-values were applied for the evaluation of each predictor variable, and significance was determined using an $\alpha = 0.05$ threshold.

The analysis pointed out a positive and statistically significant effect of tangibility on guest satisfaction (B = 0.305, t = 7.068, p = 0.000 < 0.05), and thus H_1 was accepted. In the same manner, the reliability was found to significantly and positively affect guest satisfaction (B = 0.165, t = 3.068, p = 0.002 < 0.05), thus validating H_2. The impact of assurance was also positively significant (B = 0.135, t = 2.245, p = 0.025 < 0.05), H_3 being confirmed. Moreover, responsiveness was found to be significantly and positively related to customer satisfaction (B = 0.210, t = 4.088, p = 0.000 < 0.05), supporting H_4. On the other hand, empathy did not lead to a statistically significant relationship with guest satisfaction (B = 0.088, t = 1.593, p = 0.112 > 0.05), H_5 being rejected in that case.

The tolerance values for all the predictors ranged from 0.182 to 0.295 according to the collinearity statistics, and the VIF values corresponding to them were from 3.384 to 5.484. which are lower than the critical VIF value of 10, they don't show the problem of multicollinearity, which does not affect the validity and interpretability of the statistical results.

In essence, the results validate the fact that physical evidence, reliability, assurance, and responsiveness are the main factors that influence the restaurant sector customer satisfaction in Karnali Province, whereas the empathy factor does not show a significant direct impact. The revelations to this effect not only bolster the SERVQUAL model but also emphasize the local service priorities that can assist the management and policy leaders to plan their interventions.

4. DISCUSSION

This study empirically examined five hypotheses derived from the SERVQUAL framework to understand the influence of service quality dimensions on guest satisfaction in the restaurant business of Karnali Province, Nepal. The discussion interprets each hypothesis in light of statistical findings and compares them with prior empirical and theoretical studies, emphasizing contextual relevance to developing and semi-urban restaurant markets.

The findings provide strong empirical support for the first hypothesis (H_1), which proposed that tangibility has a significant positive effect on guest satisfaction. The regression results confirmed that tangibility was the strongest predictor among all service quality dimensions (p = .000). This outcome aligns with earlier hospitality studies that emphasized the importance of physical evidence, cleanliness, ambience, and visual appeal in shaping customer perceptions and satisfaction (Ryu & Jang, 2008; Ali & Amin, 2014; Karki et al., 2022, Malviya et al., 2025). In the context of Karnali Province, where infrastructural development and standardized restaurant environments are still evolving, customers may rely more heavily on visible cues such as hygiene, seating arrangements, and staff appearance to evaluate service quality. This finding reinforces the SERVQUAL assumption that tangible elements act as the first point of service evaluation, particularly in emerging markets where service expectations are strongly influenced by physical surroundings (Parasuraman et al., 1988).

The second hypothesis (H$_2$), stating that reliability significantly influences guest satisfaction, was also supported (p = .002). This indicates that consistent service delivery, accurate order fulfillment, and dependable food quality play a critical role in customer satisfaction. The result corroborates prior studies that identified reliability as a core determinant of service evaluation in hospitality and foodservice industries (Bojanic & Rosen, 1994; Appiah, 2021; Ghimire et al., 2025). Although earlier descriptive results suggested variability in reliability perceptions, the regression findings confirm that reliability remains a statistically meaningful contributor to satisfaction. In the Karnali restaurant context, where customers may have limited alternatives, dependable service becomes essential for building trust and repeat patronage.

The third hypothesis (H$_3$), which posited that assurance has a significant positive impact on guest satisfaction (p = .025). This finding is consistent with the work of Andaleeb and Conway (2006) and Parasuraman et al. (1988), who emphasized employee competence, courtesy, and trustworthiness as vital components of perceived service quality. In regions such as Karnali, where customers may be particularly sensitive to food safety, hygiene, and staff credibility, assurance serves as a psychological guarantee that reduces perceived risk. The significance of assurance highlights the importance of staff training, communication skills, and professional behavior in enhancing guest confidence and satisfaction.

The fourth hypothesis (H$_4$), which suggested that responsiveness positively affects guest satisfaction, was strongly supported (p = .000). This result aligns with extensive hospitality literature demonstrating prompt service, willingness to help, and effective complaint handling significantly shape customer experiences (Parasuraman et al., 1988; Qin & Prybutok, 2009; Ryu et al., 2012). In the context of Karnali Province, infrastructural limitations and operational constraints may occasionally delay service delivery. However, the findings suggest that proactive staff behavior and timely responses can mitigate such challenges and positively influence overall satisfaction. This underscores responsiveness as a critical operational priority for restaurant managers aiming to enhance service perceptions despite contextual limitations.

In contrast, the fifth hypothesis (H$_5$), which proposed that empathy has a significant impact on guest satisfaction, was not empirically supported (p = .112). This result diverges from some prior studies conducted in hospitality settings that reported a strong role of personalized attention and emotional care in driving satisfaction and loyalty (Mahato & Goet, 2020; Kandampully & Suhartanto, 2000). A possible explanation for this finding is that restaurant customers in Karnali may prioritize functional and efficiency-related service attributes over individualized attention. Additionally, high customer volumes, limited staffing, and standardized service formats may restrict employees' ability to deliver personalized services, thereby reducing the perceived impact of empathy on satisfaction. This outcome supports cross-cultural research suggesting that the relative importance of SERVQUAL dimensions varies across regions and socio-economic contexts (Donthu & Yoo, 1998; Lee & Ulgado, 1997).

5. CONCLUSIONS

This study, based on the detailed examination of service quality dimensions and their influence on customer satisfaction in the restaurant industry of Nepal, draws a variety of significant inferences. Initially, the findings indicate that the four most important SERVQUAL dimensions, i.e. tangibility, reliability, responsiveness, and assurance, not only individually but also collectively to a large extent are the significant factors leading to customer satisfaction. On the one hand, these outcomes support the fundamental concept of the

SERVQUAL framework (Parasuraman et al., 1988). On the other hand, they question its worldwide applicability since Empathy in this case does not have a statistically significant influence.

Besides, the study theoretically and practically advances the field of knowledge. From a theoretical point of view, it relocates the SERVQUAL model to a very different cultural and economic environment of Karnali Province, Nepal, thus disclosing that the importance of service quality dimensions depends on the context to a very large extent. In fact, this emphasizes the need for a more intricate, hierarchical application of service quality models that takes into account local and cultural aspects. From a practical point of view, the outcomes are restaurant managers' in developing countries providing them with the reality of the situation as a basis for informed decision-making to give priority to investments in physical infrastructure, operational consistency, staff responsiveness, and service assurance.

From a policy perspective, this study paves the way for the creation of localized standards for service quality by mirroring the true customer satisfaction drivers in Nepal's federal structure. As a result of finding out the really important aspects of this market, the research enables the lawmakers to devise more effective hospitality certification schemes and service regulations.

Theoretically, the study works as a significant contribution to the conceptualization of the quality-of-service measurement. It also provides tangible insights for customer satisfaction improvement in Nepal's restaurant sector. The findings serve as a powerful attraction to both the industry and the government to implement the service excellence strategies that are very local-specific and which blend global standards with local realities. Future scholars may consider these findings as a stepping stone and come up with more culturally-sensitive service models that can help the Nepali hospitality industry grow sustainably and compel other similar emerging economies to do the same.

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