Happy Employees, Satisfied Customers:
The Link Between Glassdoor Reviews & Customer Satisfaction

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Contents

03  KEY FINDINGS
04  I. INTRODUCTION
07  II. DATA AND METHODOLOGY
09  III. FACTS ABOUT EMPLOYEE AND CUSTOMER SATISFACTION
18  IV. REGRESSION ANALYSIS: HOW GLASSDOOR EMPLOYEE RATINGS IMPACT CUSTOMER SATISFACTION
21  V. EMPLOYER EXAMPLES
25  VI. CONCLUSION
26  APPENDIX
Key Findings

- A growing number of companies today are striving to build a "customer-first" culture. But can employers deliver on the promise of great customer satisfaction without investing in satisfied employees first?
- Using a unique panel of 293 large employers across 13 industries between 2008 and 2018, we study the link between employee satisfaction on Glassdoor and customer satisfaction from the American Customer Satisfaction Index (ACSI).
- Overall, there is a strong connection between better customer and employee satisfaction.
  - Each 1-star improvement in an employer’s Glassdoor company rating out of 5 is associated with a statistically significant 1.3-point increase in customer satisfaction out of 100.
  - The effect is more than twice as large for companies in “high customer contact” sectors where customers routinely interact with employees: Retail, food services, tourism, financial services, and health care.
- Customer satisfaction matters for financial performance. Past research shows higher customer satisfaction scores are linked to higher company valuations. Based on one estimate from the literature, each 1-star improvement in Glassdoor company ratings translates into between 7.8 and 18.9 percent higher stock market valuations through the channel of improved customer satisfaction.
- Since some employees interact more with customers than others, their satisfaction can more heavily influence customer satisfaction. Glassdoor ratings among customer-facing sales and customer service roles have a strong link to customer satisfaction, regardless of industry.
- There are many specific examples of the close link between employee and customer satisfaction among the companies in our sample. Our data illustrate more than a dozen case studies of specific U.S. employers with a clear link between Glassdoor ratings and customer satisfaction over time.
- Our findings suggest employers who invest in employee satisfaction and improved workplace culture may enjoy spillover benefits that go beyond talent attraction and retention. Maintaining a satisfied workforce — particularly among customer-facing roles — should be considered a key prerequisite to delivering great customer experiences.
I. Introduction

Putting customer satisfaction first has become increasingly popular among American companies in recent years. Led by the famously customer-obsessed e-commerce giant Amazon, a growing number of employers today are embracing customer satisfaction as a core business goal — ahead of more traditional targets like sales, building innovative technology, or winning against the competition.¹

The philosophy behind today’s growing interest in becoming customer-focused was succinctly captured by Amazon CEO Jeff Bezos in his now famous 2016 letter to shareholders: ²

There are many ways to center a business. You can be competitor focused, you can be product focused, you can be technology focused, you can be business model focused, and there are more. But in my view, obsessive customer focus is by far the most protective of Day 1 vitality.

In past research, we’ve shown that employee satisfaction on Glassdoor is linked to a variety of business metrics, including stock performance,³ employee retention,⁴ likelihood of future financial disclosures,⁵ ability to attract talent across metros,⁶ quality of corporate audits,⁷ company innovation and patenting behavior,⁸ and more. But in this study, we explore the link between Glassdoor ratings and one of the most important business goals for companies today: their ability to deliver great customer satisfaction.

This study examines the link between having a satisfied workforce and delivering world-class customer satisfaction using a large data set combining roughly 863,000 Glassdoor employer reviews with annual customer satisfaction ratings from the American Customer Satisfaction Index (ACSI). We quantify the link between employee and customer satisfaction using a panel of 293 large employers spanning 11 years, allowing us to estimate the predicted impact of changes in employee culture on customer satisfaction.

Overall, we find that having a more satisfied workforce is clearly associated with companies’ ability to deliver better customer satisfaction. For all companies in our sample, regardless of industry, a 1-star improvement in a company’s overall Glassdoor rating (on a scale from 1 to 5) predicts a 1.3-point higher customer satisfaction score (on a 0 to 100 scale), a statistically significant effect.
However, the link between customer and employee satisfaction is much stronger in some industries. Focusing only on sectors where front-line employees have the most direct and frequent contact with customers — including retail; restaurants, bars and food services; travel and tourism; financial services; and health care — we find the effect of satisfied workers on customer satisfaction is more than twice as strong, with each 1-star higher Glassdoor rating predicting 3.2 points higher customer satisfaction. By contrast, we find a weaker connection in manufacturing; information technology; and oil, gas and energy — sectors with little direct contact between most workers and customers.

Our data provide many vivid examples of specific employers who show a remarkably close link between trends in employee satisfaction on Glassdoor and customer satisfaction from the ACSI. We provide illustrations of dozens of employers in the five sectors with the closest link between customer and employee satisfaction, highlighting the clear connection between shifts in Glassdoor ratings and subsequent shifts in ACSI customer satisfaction scores for many large employers.

Finally, we show that some employee roles are important for companies’ ability to deliver great customer experiences regardless of what industry they operate in. In particular, we show that employee satisfaction among sales and customer service employees — which are common in every industry — is positively linked to better customer satisfaction, even in industries where there is a weak overall connection between employees and customers. Across all types of business, we find employee sentiment among sales and customer service workers plays an important role in employers’ ability to adhere to a customer-centric mission.

Our findings suggest that making investments in great employee culture may have spillover benefits for employers that go far beyond talent attraction and recruiting. Creating a positive employee culture is a strong predictor of a company’s ability to deliver outstanding customer satisfaction — particularly in industries where high-quality customer service is a core business function, including retail, food services, travel and tourism, health care, and financial services. In these sectors, having a strong employer brand appears to be a prerequisite to a company’s ability to build a customer-first orientation.

The remainder of this study is organized as follows. In Section II we explain our data and methodology for quantifying the link between employee and customer satisfaction. In Section III we present five stylized facts from our data that illustrate how customer and employee experience are linked, and how this link differs by industry and employee role. In Section IV we show the results of our statistical analysis. In Section V we present a series of employer case studies illustrating the link between Glassdoor ratings and customer satisfaction over time. Finally, in Section VI we conclude and offer key takeaways for employers.
Recent Academic Research on How Customer Brand Image is Impacted by Employee Culture

Many studies have explored the link between employee culture in the workplace and whether companies are able to deliver great customer satisfaction. However, to date only one other published study has leveraged Glassdoor’s large database of employee reviews to show the link between happy employees and satisfied customers.

The forthcoming study from a team of researchers at Auburn University linked Glassdoor employee reviews from 2011 through 2014 to a widely-used measure of customer satisfaction from the American Customer Satisfaction Index (ACSI) — the same data source used in our study. The paper examines how the level and trend in employee satisfaction on Glassdoor impact customer satisfaction, using a sample of 293 employers representing 342 unique customer brands.

The results show a clear link between employee satisfaction on Glassdoor and customer satisfaction. Each 1-star increase in Glassdoor rating was found to be associated with an increase of 2.05 points in customer satisfaction, on a 0 to 100 scale. The effects were significantly larger for companies with “close contact” between customers and employees — in sectors like retail and food services where employees and customers regularly interact face-to-face.

Crucially, the authors also found that improvements in a company’s Glassdoor rating alone — not just the rating itself — can result in higher customer retention and satisfaction.

What about companies where employees don’t often interact with customers, such as in manufacturing or tech? The authors argue that even these firms can benefit by finding ways to connect satisfied employees with customers. According to the authors, “[F]irms with little employee-customer contact may want to entertain ways in which to facilitate such contact to the extent the firm wants to leverage the benefits of improving employee satisfaction.”


II. Data and Methodology

The data for this study come from two sources. First, we compiled information on customer satisfaction from the American Customer Satisfaction Index (ACSI), a widely used index of company and brand customer image. The survey collects consumer satisfaction opinions about the quality of products and services purchased each year by roughly 300,000 U.S. customers. ACSI customer satisfaction scores are expressed on a 0 to 100 scale, with 100 representing the highest possible rating. For our analysis, we gathered all publicly available annual company customer satisfaction scores between 2008 and 2018. These data provide our measure of company-level customer satisfaction.

Second, we merged company customer satisfaction ratings with a large sample of employee satisfaction ratings from Glassdoor. Each employer represented in the ACSI customer satisfaction survey was linked to an employer on Glassdoor, allowing us to gather a large sample of roughly 863,000 linked employee reviews between 2008 and 2018. For each employer, we calculated the mean overall 1-to-5-star Glassdoor rating for each calendar year in our sample, keeping only employer-years for which there were at least 10 Glassdoor reviews. These ratings were then merged with ACSI customer satisfaction scores, creating an unbalanced panel of customer satisfaction and employee satisfaction scores for 293 unique employers spanning 11 years.
Employers in this study are classified into industry sectors using Glassdoor’s internal industry classification system (rather than the industry groupings used by the ACSI index). To allow us to examine how the link between customer and employee satisfaction varies by the occupation of workers — for example, whether the link between worker satisfaction and customer experience is stronger among retail cashiers who routinely interact with customers, compared to software engineers who rarely interact with customers — we mapped the raw job titles reported in Glassdoor employee reviews into broader “normalized” job titles using a machine learning model to group together similar workers.

Table 1. Summary Statistics for Company-Level Panel of Customer and Employee Satisfaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>Observations</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction Index (ACSI)</td>
<td>2,017</td>
<td>77</td>
<td>5.6</td>
<td>53</td>
<td>88</td>
</tr>
<tr>
<td>Overall Glassdoor Rating</td>
<td>2,017</td>
<td>3.4</td>
<td>0.4</td>
<td>1.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Year</td>
<td>2,017</td>
<td>n.a.</td>
<td>n.a.</td>
<td>2008</td>
<td>2018</td>
</tr>
<tr>
<td>Percent Reviews from Current Employees</td>
<td>2,017</td>
<td>0.51</td>
<td>0.2</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Glassdoor Economic Research (www.glassdoor.com/research); American Customer Satisfaction Index (ACSI).
III.

Facts About Employee And Customer Satisfaction

In this section, we'll present some basic facts about customer satisfaction and employee satisfaction, and how they are linked. We summarize five high-level trends we see in our data.

**Trend 1. Across all companies and years, customer and employee satisfaction are positively linked.**

In our sample, there is a clear overall link between satisfied employees and happy customers. Figure 1 shows a high-level scatterplot of our data. The horizontal axis shows company Glassdoor ratings, while the vertical axis shows ACSI customer satisfaction scores. Each dot in the figure represents one company-year observation.

Employers with higher employee satisfaction on Glassdoor tend to have higher customer satisfaction scores, as illustrated by the upward slope of the blue best-fitting line in the figure. Although there are many outliers, the overall link between customer and employee satisfaction is clear — a finding consistent with past research.

However, Figure 1 does show that many companies do not fit cleanly into this relationship. In the following sections, we will show that even though, on average, companies with highly satisfied employees earn higher customer satisfaction ratings, the strength of the relationship depends heavily on the type of employer and workforce it employs.

*Figure 1. Positive Link between Employee and Customer Satisfaction*

Source: Glassdoor Economic Research (www.glassdoor.com/research)
**Trend 2. Industry matters for how employee and customer satisfaction are linked.**

In some industries there is a close link between front-line employees and customers. In industries such as retail, hotels, restaurants and financial services, customers routinely interact directly with employees. These in-person experiences are part of the service provided to customers, providing a direct link between employee morale and customer satisfaction. If a customer-facing employee has low job satisfaction, their unhappiness may result in less motivation or ability to provide a positive customer experience. On the other hand, a satisfied and engaged employee is more likely to go above and beyond to help a customer.

Employees in industries like manufacturing, technology, and energy are much less likely to interact directly with customers. While sales and customer service employees in these industries still interact directly with customers, many employees do not — creating a less impactful link between workplace culture and the quality of products and services enjoyed by customers.

This pattern is clear in our data. In industries where a larger share of employees regularly interact with customers, there is a clear positive link between employee and customer satisfaction. That is, satisfied employees in these sectors help drive satisfied customers. By contrast, there is little or no connection between employee and customer satisfaction in industries where a majority of employees don’t directly interact with customers.

In Figure 2, we show the link between employee and customer satisfaction for each type of industry. On the left side of Figure 2, we show three examples of industries where employees have regular, in-person contact with customers (which we call “high customer contact” industries): Retail; restaurants, bars and food services; and travel and tourism. On the right are three examples of industries with fewer direct interactions between customers and employees: Manufacturing; information technology; and oil, gas and energy.

As is clear from the figure, high customer contact industries on the left show a clear link between employee and customer satisfaction. In all three cases, there is a clear positive relationship in the data, with more satisfied employees linked to higher customer satisfaction ratings in retail, restaurants, and tourism-related sectors.

By contrast, there is little or no relationship between customer and employee satisfaction in industries with less customer-employee interaction, which we call “low customer contact” industries, on the right. Most customers of manufactured goods, technology products and websites, and energy producers have little direct interaction with employees in these sectors.
For example, users of Google (in the information technology sector in the figure) may never meet an actual Google employee; similarly, consumers of products from Clorox (manufacturing) rarely have in-person interactions with company employees. By contrast, customers of Trader Joe’s (retail) experience many close interactions with cashiers and other in-store employees; similarly, the customer experience of travelers staying at Hilton hotels (travel and tourism) is heavily impacted by interactions with in-person staff and customer support.

Figure 2. Link Between Customer and Employee Satisfaction is Strongest in Sectors Where Customers and Employees Interact Closely and Frequently
Among the 13 industry sectors represented in our sample, five industries have the clearest positive link between employee and customer satisfaction. They include:

- Retail;
- Restaurants, Bars & Food Services;
- Travel & Tourism;
- Financial Services (which includes many retail banking locations); and
- Health Care.

In our statistical analysis in Section IV, we'll refer to these five industries as high customer contact sectors. These are industries in which there is enough in-person interaction between company employees and customers to create a clear pathway for positive or negative employee sentiment to directly impact customer experiences.

**Trend 3. Some employers excel at both employee and customer satisfaction.**

Among our sample of 293 employers, a handful stand out as having both outstanding employee satisfaction on Glassdoor as well as high customer satisfaction ratings in the ACSI survey.

Table 2 shows ten firms in our sample with a 4-star or higher overall Glassdoor rating and an ACSI customer satisfaction index score of 80 or above in 2018. Employers in the table are ordered based on employee satisfaction on Glassdoor.

Among these 10 exceptional employers, seven are in high customer contact industries where employees routinely have in-person interactions with customers — including retail, travel and tourism, and financial services. Not surprisingly, high customer satisfaction and strong employee morale go hand in hand among these employers.
The three exceptions in Table 2 are Google, Apple, and Johnson & Johnson. Despite business models that result in less personal interaction between customers and employees, Google and Johnson & Johnson have managed to cultivate both strong employee satisfaction as well as excellent customer brand image. Apple is a unique case; although the company is classified in the information technology sector in our study, the widespread presence of retail Apple locations likely impacts customer perceptions of brand — although Apple employees at the company headquarters in Silicon Valley rarely interact with customers, Apple Store employees likely influence brand image in the same way as other retail workers.

Table 2. “Sweet Spot” Employers with Both High Customer and Employee Satisfaction

<table>
<thead>
<tr>
<th>Employer</th>
<th>Overall Glassdoor Rating</th>
<th>American Customer Satisfaction Index (ACSI)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southwest</strong></td>
<td>4.5</td>
<td>80</td>
<td>Travel &amp; Tourism</td>
</tr>
<tr>
<td>Google</td>
<td>4.4</td>
<td>82</td>
<td>Information Technology</td>
</tr>
<tr>
<td><strong>TRADER JOE’S</strong></td>
<td>4.2</td>
<td>86</td>
<td>Retail</td>
</tr>
<tr>
<td>Hilton</td>
<td>4.1</td>
<td>82</td>
<td>Travel &amp; Tourism</td>
</tr>
<tr>
<td><strong>H-E-B</strong></td>
<td>4.1</td>
<td>82</td>
<td>Retail</td>
</tr>
<tr>
<td>Edward Jones</td>
<td>4.1</td>
<td>81</td>
<td>Finance</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>4.1</td>
<td>82</td>
<td>Biotech &amp; Pharmaceuticals</td>
</tr>
<tr>
<td>Wegmans</td>
<td>4.0</td>
<td>85</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Costco</strong></td>
<td>4.0</td>
<td>83</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Apple</strong></td>
<td>4.0</td>
<td>80</td>
<td>Information Technology</td>
</tr>
</tbody>
</table>

Note: Includes employers with at least a 4.0 average Glassdoor rating during calendar year 2018, as well as ACSI customer satisfaction index score of at least 80. Source: Glassdoor Economic Research (www.glassdoor.com/research)
**Trend 4. The types of employees that make up your workforce matters.**

The main channel by which employee satisfaction impacts customers is through *direct contact between customers and employees*. Workplaces with employees that routinely interact with customers will have more opportunities for employee culture, as measured by Glassdoor ratings, to have an impact (good or bad) on customer experiences.

In some industries like retail, food service and tourism, a large fraction of most companies’ workforces are in customer-facing roles, including retail cashiers, restaurant servers, and others that deliver in-person services to customers. However, the fraction of employees who are customer-facing is much lower in some industries, such as manufacturing, technology, and energy.

In Figure 3, we show which jobs are most unique to high customer contact industries where customers routinely interact with employees — including retail; restaurants, bars and food services; travel and tourism; financial services; and health care — compared to low customer contact industries. We determine the "most unique" jobs by subtracting the prevalence of a job in low customer contact industries from its prevalence in high customer contact industries. Some jobs, like sales associates, are prominent in all industries but this measure allows us to identify those jobs as disproportionately located in high customer contact industries.

As is clear from the figure, the most unique job in sectors with a strong link between employee and customer satisfaction is sales associate — a role that is almost exclusively customer-facing. Similarly, all of the other jobs most associated with high customer contact industries are customer-facing roles, including barista, bank teller, and restaurant server.

**Figure 3. Customer-Facing Roles Most Unique to High Contact Industries**

<table>
<thead>
<tr>
<th>Jobs Most Unique to High Customer Contact Industries</th>
<th>% Share in High Contact minus % Share in Low Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Associate</td>
<td>11.0%</td>
</tr>
<tr>
<td>Store Manager</td>
<td>8.9%</td>
</tr>
<tr>
<td>Cashier</td>
<td>8.0%</td>
</tr>
<tr>
<td>Team Member</td>
<td>4.6%</td>
</tr>
<tr>
<td>Barista</td>
<td>2.2%</td>
</tr>
<tr>
<td>Bank Teller</td>
<td>2.0%</td>
</tr>
<tr>
<td>Server</td>
<td>2.0%</td>
</tr>
<tr>
<td>Pharmacy Technician</td>
<td>1.8%</td>
</tr>
<tr>
<td>Personal Banker</td>
<td>1.6%</td>
</tr>
<tr>
<td>Cook</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

*Most Unique determined by: % Share in *High* Contact minus % Share in *Low* Contact*

*Source: Glassdoor Economic Research (www.glassdoor.com/research)*
By contrast, in Figure 4, we show that, in sectors with a weak link between employee and customer satisfaction, the most common job in our sample is software engineer, a role that rarely interacts with customers. Other common jobs vary from office roles like program managers to manual laborers like warehouse workers, which rarely have close contact with customers. Even for roles like claims representative and insurance agent, customers interact with them infrequently, providing less opportunities for employee satisfaction to spill over into the customer experience.

Although both types of industries in Figures 3 and 4 employ many of the same job titles — for example, nearly every industry employs customer service and sales roles — the concentration of customer-facing jobs inside employers in certain industries clearly has an impact on whether there is a strong or weak link between customer and employee satisfaction.

Figure 4. Roles Most Unique to Low Customer Contact Industries
Mixed Between Office, Labor and Customer-Facing Roles.

Jobs Most Unique to Low Customer Contact Industries

<table>
<thead>
<tr>
<th>Job</th>
<th>High Customer Contact</th>
<th>Low Customer Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software Engineer</td>
<td>0.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Claims Rep</td>
<td>0.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sales Rep</td>
<td>0.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Program Manager</td>
<td>0.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Account Manager</td>
<td>0.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Warehouse Worker</td>
<td>0.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Engineer</td>
<td>0.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Product Manager</td>
<td>0.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Solutions Specialist</td>
<td>0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Insurance Agent</td>
<td>0%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Most Unique determined by:
% Share in **High** Contact minus
% Share in **Low** Contact

Source: Glassdoor Economic Research (www.glassdoor.com/research)
**Trend 5. Some employees impact customer satisfaction in every industry**

Although some industries like manufacturing, technology and energy have fewer employees that directly interact with customers, nearly all industries employ some workers who do. And employer satisfaction among those customer-facing roles influences customer brand image.

In Figure 5, we show the relationship between employee satisfaction on Glassdoor and customer satisfaction across all industries in our sample for two common customer-facing roles: Customer services and support, and sales. Each dot in the figure represents one employer in a particular year. The horizontal axes show the Glassdoor employer rating among only those reviews submitted by either customer services and support or sales employees, while the vertical axes show average customer satisfaction for those companies.

As is clear from the figure, there is a positive link between employee and customer satisfaction among customer support and sales employees, regardless of industry, in our sample. The lesson: Even for employers in manufacturing, technology, energy, and other industries with few connections between employees and customers, employees in sales and customer support roles — which are present in nearly every corporate workforce today — still impact customer brand image. Paying attention to employee satisfaction among workers in these roles can have a positive spillover effect on customer satisfaction.
In the next section, we take a closer look at the connection between employee and customer satisfaction. Using a standard regression model, we show the statistical link between having a more satisfied workforce and attaining higher customer satisfaction, both in high customer contact industries with close personal contact between customers and employees, and for all industries taken together as a group.
IV. Regression Analysis: How Glassdoor Employee Ratings Impact Customer Satisfaction

In this section, we show the results of our regression analysis. We estimate the impact of employee satisfaction on customer brand image using a standard econometric model known as a “two-way fixed effects panel model.”

Using our sample of 2,017 company-year observations of employee and customer satisfaction across 13 industry sectors, we estimate the following model via ordinary least squares (OLS):

\[ ACSI_{it} = \beta_0 + \beta_1 Glassdoor_{it} + \beta_2 Employer_i + \beta_3 Year_t + \beta_4 Industry_{it} + \epsilon_{it} \]

where \( ACSI_{it} \) is customer satisfaction on a scale of 0 to 100 for employer \( i \) in year \( t \), \( Glassdoor_{it} \) is average overall employee satisfaction (measured on a 1 to 5 scale) and \( Employer_i \), \( Year_t \), and \( Industry_{it} \) are fixed effects for the employer, year, and the industry of the employer. The term \( \epsilon_{it} \) is the usual mean-zero error term capturing the impact of all other factors not observed in our data.

The coefficient we’re interested in from the above model is \( \beta_1 \). It shows the predicted impact of a 1-star change in Glassdoor employee satisfaction ratings on customer satisfaction, as measured by the ACSI index, after accounting for the impact of employer, year, and industry.

THE POWER OF PANEL DATA

By using a panel of employers over several years, our statistical model has several advantages compared to studies that only look at a cross-section of employers at a single point in time.

By controlling for the specific employer as well as the year they’re observed in, this model provides an estimate of the statistical link between employee and customer satisfaction even after accounting for all factors that are unique to a single employer (even if we’re not able to observe them, as long as they don’t change over time) as well as all factors that are unique to a particular year (even if we can’t directly observe them, as long as they impact all employers equally).

This approach is sometimes called a “within estimator,” because it uses changes in employee satisfaction within each employer to estimate the link to ACSI customer satisfaction scores for those same employers. By controlling for both company and year effects, this model isolates how changes in employee satisfaction over time are correlated with customer satisfaction — even when there are unobservable company and year effects to worry about — an approach often used to isolate causal effects in academic research.
Our Results
We show the link between customer and employee satisfaction for two groups of companies. First, we show overall estimates for all 293 employers spanning 13 industry sectors in our sample. Next, we show the link only for the five industries we’ve classified as high customer contact with many employees that directly interact with customers, including retail; restaurants, bars & food services; travel & tourism; financial services; and health care.

Our main results are shown in Figure 6. On the left, we show the predicted impact of a 1-star improvement in employee satisfaction on customer satisfaction for all employers in our sample. On the right, we show a similar estimate only for high customer contact employers who fall into industries with a strong in-person link between employees and customers (1,039 employer-year observations, or roughly half of our full sample).

Overall, we find each 1-star higher overall employee satisfaction on Glassdoor predicts a statistically significant 1.3-points higher customer satisfaction score (on a scale from 0 to 100). Among high customer contact sectors such as retail, food service, tourism and others with close contact between workers and customers, the effect is more than twice as large. Each 1-star improvement in employee satisfaction on Glassdoor in those sectors is linked to a 3.2 point improvement in customer satisfaction, as measured by the ACSI index.12

Figure 6. Impact of a 1-Star Improvement in Glassdoor Employer Rating on ACSI Customer Satisfaction Index

Better Employee Morale on Glassdoor Predicts Higher Customer Satisfaction
Putting a Dollar Figure on Customer Satisfaction

What is the potential financial impact of the above estimates for companies? That is, what does the research say about how ACSI customer satisfaction scores — and thus employee satisfaction — are linked to company financial performance?

One answer comes from a 2006 study published in the *Journal of Marketing* that examines the link between customer satisfaction and stock returns among publicly traded companies. In that study, researchers found that each 1 percent improvement in ACSI customer satisfaction scores was associated with a statistically significant 4.6 percent boost in the overall stock market value of employers.

Applying that estimate to our findings, we can estimate the approximate financial impact of a 1-star improvement in Glassdoor employer ratings on the market value of companies, through the indirect channel of boosting ACSI customer satisfaction scores.

From our overall estimates, each 1 star improvement in employee satisfaction is associated with a 1.3-point increase in customer satisfaction, which amounts to a 1.7 percent increase in ACSI score for employers at the mean of 77 in our sample (1.3 / 77 = 1.7 percent). That in turn implies we should expect to see a 7.8 percent higher market value (1.7 x 4.6 percent) for each 1 star improvement in Glassdoor ratings for the full set of employers in our sample — a financial boost purely from the impact of improved employee sentiment on better customer satisfaction.

For employers in the five high customer contact industries in our sample with close links between employees and customers, the financial impacts are potentially much larger. For these industries, each 1 star improvement in employee satisfaction is associated with a 3.2-point increase in customer satisfaction, which amounts to a 4.1 percent increase in ACSI score at the mean of 77 in our sample (3.17 / 77 = 4.1 percent). That implies a predicted boost in market value of 18.9 percent (4.1 x 4.6 percent) for these employers for each 1-star improvement in Glassdoor ratings — a potentially large financial boost from better customer satisfaction via an improvement in employee morale.
In our final section, we show some specific examples of employers in our sample who showed a particularly strong link over time between changes in employee satisfaction on Glassdoor and changes in customer satisfaction in the ACSI index.

In the figures below, we show trends over time in employee and customer satisfaction for several specific employers within each of the five industries we’ve classified as high customer contact — sectors with a close link between employees and customers. They include retail; restaurants, bars and food services; travel and tourism; financial services; and health care. The green line in each figure shows the employer’s average overall Glassdoor rating for that year, on a 1 to 5 scale (measured on the left vertical axis). The blue line shows the employer’s ACSI customer satisfaction score in the same year on a 0 to 100 scale (measured on the right axis).

As is clear from these examples, trends in employee and customer satisfaction frequently track each other closely for employers in high customer contact sectors where employees and customers routinely interact. While not all employers in our sample exhibited such a clear link between employee and customer satisfaction, these examples make clear that our findings are much more than a statistical artifact — there is a deep organizational connection between employee morale and the quality of customer satisfaction that companies are able to deliver to consumers.
Figure 7. Examples of Close Correlation in Customer and Employee Satisfaction Over Time

Source: Glassdoor Economic Research (www.glassdoor.com/research)
Figure 7. Examples of Close Correlation in Customer and Employee Satisfaction Over Time

**Travel & Tourism**

- **American Airlines**
- **Delta Airlines**
- **Starwood Hotels & Resorts**

**Financial Services**

- **Bank of America**
- **Chase**
- **BB&T**

Source: Glassdoor Economic Research (www.glassdoor.com/research)
Figure 7. Examples of Close Correlation in Customer and Employee Satisfaction Over Time

Source: Glassdoor Economic Research (www.glassdoor.com/research)
VI. Conclusion

Does employee satisfaction matter for companies’ ability to build a customer-focused business culture? In this study, we answer that question using a unique panel of 293 employers spanning 11 years and examine how trends in employee satisfaction on Glassdoor are statistically linked to customer satisfaction reported by the American Customer Satisfaction Index (ACSI).

Overall, we find a clear link between employee sentiment on Glassdoor and customer satisfaction. Across all industries in our sample, a 1-star improvement in a company’s overall rating on Glassdoor is associated with a statistically significant boost of 1.3 points higher customer satisfaction. However, we find this is more than twice as large in sectors where employees have regular in-person contact with customers, including retail, food services, tourism, health care and financial services. In these sectors, our findings suggest that exposing customers to employees with higher workplace morale predicts significantly better customer brand image.

While the effects of employee satisfaction are strongest in high customer contact industries, certain customer-facing roles are ubiquitous across industries. Employee satisfaction in directly customer-facing roles like customer service & support and sales still have a strong link to customer satisfaction across all industries. Additionally, employers with lower customer contact but high employee satisfaction risk missing out on positive spillover benefits of their investment in workplace culture and should consider how to translate employee satisfaction into higher customer satisfaction through customer and community engagement.

While the statistical impact of higher Glassdoor ratings on customer satisfaction appear small on the surface, there are potentially large financial gains to employers from improving workplace morale among customer-facing employees. Past research finds ACSI customer satisfaction scores are statistically linked to company stock market valuations. Based on one recent estimate, each 1 percent increase in customer satisfaction is linked to 4.6 percent higher company market values. That translates into a predicted boost in company market valuations of 7.8 to 18.9 percent for each 1-star improvement in overall rating on Glassdoor — a potentially large financial boost from better customer satisfaction via an improvement in employee morale.

A growing number of employers in recent decades have adopted a “customer-first” business philosophy. However, our research suggests that maintaining a healthy and engaged workforce — particularly for customer-facing employees — is a necessary prerequisite for being able to effectively deliver great experiences to customers. Consumer perceptions of the quality of goods and services delivered by companies are heavily influenced by personal interactions with employees. For this reason, our research suggests that making investments in great employee culture will have large spillover benefits for employers that go far beyond the more traditional HR goals of talent attraction, recruiting, and retention.
Appendix

Below we show full results from our regression analyses in Section IV. In Table 3, we show results for our regression analysis of the full sample of employers in our data. In Table 4, we show results for our “restricted” model applied only to companies in industries with close in-person contact between employees and customers. In each case, the dependent variable is ACSI customer satisfaction index (on a 0 to 100 scale), and the main independent variable is Glassdoor rating (on a 1 to 5 scale).

In each table, we show the results of three different regression models. In Model 1, we show the simple impact of Glassdoor ratings on customer satisfaction when no statistical controls are included. In Model 2, we add controls for year and industry. Finally, in Model 3 we add our most detailed set of controls, including fixed effects for year and employer, as well as industry. We consider Model 3 to be our most reliable estimate, and those are the figures reported throughout this study.

Table 3. Baseline Model: Regression of ACSI Customer Satisfaction on Glassdoor Employer Rating, Full Sample

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glassdoor Rating</td>
<td>2.27***</td>
<td>2.35***</td>
<td>1.29***</td>
</tr>
<tr>
<td></td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.005)</td>
</tr>
<tr>
<td>Controls:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Industry</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Employer</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Observations</td>
<td>2,017</td>
<td>2,017</td>
<td>2,017</td>
</tr>
<tr>
<td>Adj. R-squared</td>
<td>0.03</td>
<td>0.42</td>
<td>0.83</td>
</tr>
</tbody>
</table>

Note: Estimates for full sample. *** denotes statistical significance at the 0.01 level. Standard errors are heteroskedasticity robust and clustered at the employer level. P-values are shown in parentheses. Source: Glassdoor Economic Research (www.glassdoor.com/research)
Table 4. Restricted Model: Regression of ACSI Customer Satisfaction on Glassdoor Employer Rating, Sample of Employers in High Customer Contact Industries Only

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glassdoor Rating</td>
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<td>4.98***</td>
<td>3.17***</td>
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<td>(0.000)</td>
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</tr>
<tr>
<td>Year</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Employer</td>
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<td></td>
<td>X</td>
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<tr>
<td>Observations</td>
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<td>1,039</td>
<td>1,039</td>
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<tr>
<td>Adj. R-squared:</td>
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<td>0.39</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Note: Estimates for subsample of high customer contact industries only. *** denotes statistical significance at the 0.01 level. Standard errors are heteroskedasticity robust and clustered at the employer level. P-values are shown in parentheses.
Source: Glassdoor Economic Research (www.glassdoor.com/research)
End Notes


10. The ACSI index often lists multiple brands from a single employer; for example, the survey collects customer satisfaction both for Amazon as an online retailer, as well as Amazon Prime Video as a video streaming service. In this study, we matched each Glassdoor employer with one unique brand from ACSI, which we determined to be each employer’s primary brand. The resulting mapping of Glassdoor employers to ACSI brands is available from the authors upon request.

11. Our full tables of regression results are available in the Appendix.

12. Expressed relative to the overall mean of ACSI customer satisfaction in our sample (a score of 77, as shown in Table 1) these marginal effects amount to a 1.7 percent, and a 4.1 percent improvement in customer satisfaction, respectively.


14. Throughout this section, we only show data for employers with at least 100 Glassdoor reviews in our sample.
About Glassdoor

Glassdoor combines all the latest jobs with millions of reviews and insights to make it easy for people to find a job that is uniquely right for them. The company is on a mission to help people everywhere find a job and company they love. In pursuit of this mission, Glassdoor helps employers hire truly informed candidates at scale through effective recruiting solutions like job advertising and employer branding products. Launched in 2008, Glassdoor now has reviews and insights for more than 900,000 companies located in more than 190 countries. For more information, visit glassdoor.com.