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PETER STARK/GETTY IMAGES

We all know that customers are central to the fate of businesses. It's captured in the maxim, coined by [department store tycoons](#) of the early 20th century, "The customer is always right." Jeff Bezos, one of today's most iconic businessmen, has laid Amazon's incredible success at the feet of its obsession with customers, [saying](#) "You can be competitor-focused, you can be product-focused, you can be technology-focused, you can be business-model-focused... But in my view, obsessive customer-focus is by far the most protective of Day 1 vitality."

As company leaders strive to put customers first, our latest research offers new insights into how that might be achieved: through engaged and happy employees.

Glassdoor knows a lot about employee experience. Studying our database of millions of insights about jobs, salaries, company ratings and reviews, we've quantified the impact of worker satisfaction on [retention](#), [talent attraction](#), [stock performance](#), and more.

In our [new study](#) we asked: Can companies help to achieve high customer satisfaction by investing in employees and ensuring that those who deliver goods and services are themselves satisfied with their jobs?

Our answer was clear: There is a strong statistical link between employee well-being reported on Glassdoor and customer satisfaction among a large sample of some of the largest companies today. A happier workforce is clearly associated with companies' ability to deliver better customer satisfaction — particularly in industries with the closest contact between workers and customers, including retail, tourism, restaurants, health care, and financial services.

Linking Happy Employees to Happy Customers

To study this employee and customer satisfaction connection, we joined together two data sources: Glassdoor employee reviews and ratings from the American Customer Satisfaction Index (ACSI), which records the opinions of 300,000 U.S. customers on products and services. We looked at 293 large employers spanning 13 industries, including their average overall Glassdoor rating (on a scale of one to five) and ACSI score (on a scale of zero to 100) annually from 2008 to 2018. Using a standard panel model, we estimated the impact of the former on the latter, after carefully controlling for employer, year, and industry.

We found that each one-star improvement in a company's Glassdoor rating corresponds to a 1.3-point out of 100 improvement in customer satisfaction scores — a statistically significant impact, which was more than twice as large in industries where employees interact closely and frequently with customers.

This finding is nearly identical to [another](#) recent study on the same topic, using similar data. Taken together, this growing body of research offers a powerful lesson to CEOs: If you want to build a customer-first strategy, building high employee morale is a necessary (though not sufficient) precondition.

While our observational data can't prove causality — it's possible having happy customers can boost employee satisfaction, rather than the opposite — we're confident in our findings for several reasons. First, we see many examples in our data where employee satisfaction rises or falls *first*, followed by changes in customer satisfaction later; by contrast, examples of the reverse are rare. Second, the panel data examines changes in customer and employee satisfaction within the same firm, which addresses fears that the results are driven by differences between companies and their customers.

Finally, even if our study shows happier employees are just a predictor of customer success, and not the main cause, that is still a useful indicator.

Industry Matters, But No Sector is Immune

One of our strongest findings is that there are some industries where employee and customer satisfaction are more correlated.

For example, in retail, food service, health care, and other industries where the two groups routinely interact, each one-star improvement in Glassdoor company rating predicted a 3.2-point increase in customer satisfaction. Sales associates, cashiers, baristas, and bank tellers are prime examples in our data of service workers that make up a significant portion of these employers' labor pools and whose personal experience with company culture (either good or bad) is transmitted daily to customers. By contrast, our data show software engineers and warehouse staffers, who rarely work directly with customers, have little impact on their satisfaction. (You can explore our analysis yourself [here](#).)

At the same time, even tech and manufacturing companies benefit from investing in employee satisfaction, among not only workers in customer-facing roles such as sales and support but also those behind the curtain. These organizations that have invested in a positive workplace cultures should also find ways to increase customer-employee interactions. For example, although Apple is a tech manufacturer, its brick-and-mortar retail locations expose millions of shoppers to its people daily, which benefits its brand image.

Companies that Hit the “Sweet Spot”

By studying more than a decade's worth of data for hundreds of companies, we found several employers who stand out as being in the “sweet spot” with both high employee satisfaction (four-star or above Glassdoor rating) paired with high customer satisfaction (ACSI rating of 80 or above).

In travel and tourism, Southwest and Hilton top the list. Retailers like Costco and Trader Joe's were in a similar position. This comes as little surprise, as the link between customer and employee satisfaction surfaces often in Glassdoor reviews for many of these companies. As one Trader Joe's [employee wrote](#), “you are encouraged to have fun with customers, answering product questions[...] Kindness to the customers is a big focus.”

High employee and customer satisfaction can be found outside of service industries, as well. Manufacturer Johnson & Johnson earns good marks in both areas, even though few of its workers are on the front lines. As one Johnson & Johnson [employee review](#) explains, “We are team players. We get things done. We serve our customers.”

Financial Benefits of Putting Employees First

In our study, we also give a ballpark estimate of how employee culture may impact corporate valuations through the channel of more satisfied customers.

A 2006 [study](#) published in the Journal of Marketing found that each 1% improvement in ACSI customer satisfaction scores for an employer was associated with a statistically significant 4.6% boost in its overall stock market value. Applying this to our findings, we can calculate the possible impact of a one-star improvement in Glassdoor employer ratings, given the expected knock-on improvement in customer satisfaction scores: an increase of 7.8% to 18.9% in long-term market valuation.

Becoming a customer-centric business is a worthwhile goal. But our research reminds business leaders that becoming more customer-oriented while allowing workplace morale to suffer is a poor and short-sighted strategy. Instead, customer and employee satisfaction should be seen as two sides of the same coin. Our past [research](#) shows what employers can do to improve worker engagement and well-being, while our new research shows those same strategies can also pay off in the form of happier customers.

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