

The Impact of Customer Satisfaction on Firm's Performance (Exploratory Study on Listed Companies in Indonesia Stock Exchange)/ Amelia Sudono

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Deskripsi Lengkap: <https://lib.ui.ac.id/detail?id=20419470&lokasi=lokal>

Abstrak

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ABSTRACT

Customer satisfaction has been utilized as one of the new approaches to predict and forecast firm's financial performance. Satisfied and loyal customer tends to increase purchase, enable firms to reduce acquisition cost which translated into higher profitability. This study investigates the relationship between customer satisfaction level to firm's financial indicators such as revenue, total assets turnover, return on asset and operating margin along with all variables and element in a more comprehensive manner. The aggregate analysis is further classified into the financial sector and non-financial sector from the sample population to see the variation and relationship on resources spend by companies to create customer satisfaction. Management of the company will be able to utilize the customer satisfaction index and understand the implication of this index to firm's performance and help them in formulating strategic business decision. The results are consistent with preliminary argument that customer satisfaction has a strong positive relationship to firms' performance and can be used as a leading indicator to firms' performance. The result findings will enable top management to wisely allocate resources and focus on the key attributes in a product or service to generate customer satisfaction, help potential investors and readers of this paper to carefully utilize the customer satisfaction index as an indicator prior to selecting an investment options.