

Culture Over Cash: Rethinking Effects of Frontline Employee Satisfaction on Firm Financial Success

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Abstract

Amid a talent shortage, companies face uncertainty on how to invest in employee satisfaction to improve financial performance, particularly in firms with a high share of frontline employees, where skilled professionals are scarce. While most studies focus on individual job satisfaction, this research examines the firm-level impact of distinct job satisfaction dimensions: one intrinsic (satisfaction with culture & values) and two extrinsic (satisfaction with compensation & benefits and work-life balance). Using 285,487 Glassdoor.com reviews from 255 companies (average: 6.7 years) and financial data from Compustat, results show that extrinsic satisfaction dimensions negatively affect financial performance in firms with more frontline employees, while intrinsic dimensions have a positive impact. These findings emphasize the importance of tailoring strategies to enhance intrinsic motivation, offering a differentiated approach for firms with different shares of frontline employees.

Keywords: Employee Satisfaction, Frontline Employees, Financial Performance

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