

ABSTRACT

Customer satisfaction has been considered a strategic tool for organizations across the globe to gain a competitive advantage and enhance profitability. In this study, the researcher examined the impact of customer satisfaction on creditworthiness and the implied cost of capital. The sample data was gathered from American customer satisfaction (ACSI) of 814 firms. The Driscoll-Kraay standard error model was employed for data analysis and for the results analysis descriptive summary statistics, regression analysis and correlation were used. Study findings indicate that there was a strong positive impact of customer satisfaction on the firm performance, creditworthiness and ROE and customer satisfaction has a favorable impact on a company's financial performance. A firm's ability to gain new consumers, retain existing customers, and raise customer profitability is enhanced by customer satisfaction. These results support the idea that customer satisfaction is a leading indicator of financial performance.