The Quality of Hire Index:
measuring quality of hire using publicly available data

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Abstract

We tested the hypothesis that a company's financial performance could be predicted using publicly available quality of hire data. LinkedIn data reflecting retention, performance and career advancement of 4,354,540 employees hired into Fortune 500 companies between July 2020 and June 2025 was used to create a measure called the Quality of Hire Index (QHI), a standardized 0–100 score derived from a company's composite Quality of Hire (QoH) outcomes. QHI scores showed statistically significant relationships with company year-over-year financial revenue growth and Glassdoor employer ratings. A one-point increase in QHI score was associated with a 0.14% increase in revenue growth. Controlling for industry differences, the results suggest over half of the Fortune 500 could increase revenue growth by more than 2% by improving how they hire, onboard and manage new employees. Based on 2024 financial data, this equates to an average increase in revenue of $33,768,000 as a result of improving quality of hire.

> *"Nothing good comes from placing people into jobs they are*
> *unable, unsuited, or unwilling to perform"*
> *from THE Book on Quality of Hire by S. Hunt & M. Fitzsimmons (2025)*

Great hires frequently generate 50% to over 400% more value compared to average hires (Aguinnis et al., 2016). Conversely, hiring the wrong person is estimated to cost from 30% to over 200% of an employee's annual salary depending on the role (SHRM, 2017). There are cases where a single bad hire resulted in companies losing millions of dollars from grossly negligent or criminal job performance. Effective hiring is not just important for companies; it is also important for employees. Getting hired into the right job has a massive impact on an employee's quality of life and long-term career success. While being placed in the wrong job negatively impacts the physical, mental and financial wellbeing of employees and their families. Despite the economic and human costs of bad hiring, companies make poor hires all the time. The objective of this study is to draw attention to the importance of quality of hire in the hope that companies will do more to address the systemic and costly problems caused by poor hiring practices.

The term quality of hire refers to "the value employees provide to an organization after they move into a new role" (Hunt & Fitzsimmons, 2025). If you asked a CEO whether it is important to hire the right people and ensure they succeed when they start their new role, their answer will probably be that it is critical to company success. Yet few companies have robust, systematic programs to measure and improve quality of hire. There are many reasons why companies struggle to manage quality of hire. There are challenges related to collecting and analyzing quality of hire data. There are issues about which leaders in the company should "own" quality of hire since it depends on actions that happen before,

during, and after the hiring decision related to how jobs are designed, how candidates are selected, and how new employees are managed. However, the single biggest reason companies fail to capture the full value of newly hired employees is because business leaders have not made it a priority. As a result, companies have not devoted adequate resources to effectively measure and improve quality of hire outcomes.

The goal of this study is to increase awareness of the importance of quality of hire by demonstrating its impact on company performance using publicly available data. The study ranks Fortune 500 organizations based on a newly developed metric called the Quality of Hire Index or QHI. The purpose of this study is to show how much opportunity there is to improve the financial performance of companies by improving quality of hire outcomes. Hiring can be thought of as a supply chain process that ensures a company has a steady supply of talent needed to execute its business strategies. A critical step in improving supply chains is identifying areas where high levels of variance impact performance metrics. By calling attention to variability in quality of hire found across organizations, we hope business leaders will invest greater attention to ensure that every hire in their company is a successful hire. Reducing the number of bad hires will not just help company profitability and growth, it will also spare employees from the emotional and financial trauma caused by bad hiring experiences.

Conceptualizing Quality of Hire using public data
Figure 1 illustrates the Q4 quality of hire model (Hunt & Fitzsimmons, 2025). This model guided how new employee value was defined and measured in this study. The Q4 model defines quality of hire in terms of four distinct but inter-related workforce characteristics: **Tenure** reflects the attributes of employees being hired into the workforce, the length of time employees stay with the organization, the reasons for their departure, and the characteristics of employees who choose to stay vs. leave. **In-role performance** reflects the degree to which new employees fulfill the fundamental tasks and responsibilities associated with their job. **Extra-role performance** reflects the degree to which new employees exceed expectations and contribute to the organization beyond their core job responsibilities. **Self-development** reflects the degree to which new employees invest energy into building capabilities to advance their careers beyond their current job. All four characteristics impact quality of hire, although their relative importance varies depending on the type of job and characteristics of the organization.

Figure 1. The Components of Quality of Hire

CROSSCHQ Q. MODEL

We compared the four components of the Q4 model with publicly available data found on LinkedIn profiles. This led to replacing the four categories found in the Q4 model with three categories that more accurately reflect the nature of the study data:

- *New Hire Enrollment* can be measured using 3-month and 12-month new hire retention. A company that struggles to keep employees past 3 or 12 months compared to its industry peers is clearly doing something wrong when it comes to hiring the right candidates or engaging new employees. Enrollment is primarily related to tenure and in-role performance in the Q4 model.

- *New Hire Commitment* can be measured using 24-month and 36-month new hire retention. It takes over a year to achieve full competence in many roles, and most companies expect full-time hires to remain with them for at least three years. We limit retention to 36 months because after a certain point turnover is likely to be a result of factors unrelated to hiring such as changes in employees' family status or discovery of career opportunities that did not exist when employees were hired. Commitment is primarily related to tenure, in-role and extra-role performance in the Q4 model.

- *New Hire Achievement* can be measured using data indicating whether employees were promoted, received peer recognition, or achieved an educational milestone within 3 years after being hired. These metrics reflect how well a company selects candidates based on future job potential and enables employees to realize this potential after they are hired. Achievement is primarily related to extra-role performance and self-development in the Q4 model.

The review of LinkedIn data that could be used to measure quality of hire metrics led to the following hypotheses:

> **Hypothesis 1:** A company's effectiveness capturing Quality of Hire (QoH) can be reliably measured by weighting the variables in the following formula:
>
> Quality of Hire (QoH) = (Enrollment) + (Commitment) + (Achievement) *where*
>
> Enrollment = [WE1 * (% employees retained 3 months)] + [WE2 * (% employees retained 12 months)]
> Commitment = [WC1 * (% employees retained 24 months)] + [WC2 * (% employees retained 36 months)]
> Achievement = [WA1 * (Promotion)] + [WA2 * (Education)] + [WA3 * (Recognition)]
>
> where WE1, WE2, WC1, WC2, WA1, WA2 and WA3 indicate a weighting value to be determined
>
> **Hypothesis 2:** A company's QoH (as indexed by QHI) will influence or otherwise be associated with metrics reflecting company financial performance and workplace quality.

The methodology for testing these hypotheses drew on methods used to develop measures of latent constructs reflecting workforce characteristics such as employee commitment or organizational culture. In this case, QoH is the latent construct. Metrics associated with Enrollment, Commitment and Achievement are manifest variables that can be used to measure QoH. And variables measuring stock performance, revenue growth, and workplace quality reflect constructs in the broader nomological network that one would expect to be correlated with QoH.

Collecting Public Quality of Hire Data
The data used to develop and validate the QoH scoring algorithm came from two sources. Employment metrics were drawn from LinkedIn and consisted of data from employees who reported being hired into Fortune 500 companies. Financial metrics were drawn from Fortune, Yahoo Finance, Morningstar, Crunchbase, and CB Insights and consisted of publicly reported information about company stock prices and revenue levels.

Employment Metrics. Data was collected from LinkedIn for individuals who reported starting a position between July 2020 through June 2025 at any company included in the 2025 Fortune 500 list. This resulted in a data set containing records for 4,354,540 new hires. Data was included over five years to provide adequate time to enable use of 24 and 36-month retention as an indicator of quality of hire. Using data across five years also lessens the impact of outliers related to temporary economic or organizational events that might affect new hire metrics.

Several steps were taken to clean and organize the LinkedIn data prior to the analysis. First, we used natural language processing to harmonize the language individuals used to describe their employers. For example, employees who indicated they had been hired at "Starbucks", "Starbucks Coffee", or "Starbucks Coffee Corporation" were coded as all working at the same organization even though the names they used were slightly

different. Second, we removed employees whose job titles included words or phrases that suggest they were temporary roles such as "intern", "contractor", or "student associate". This led to a final dataset containing records for 3,812,131 newly hired employees.

The retention metrics used to measure QoH were created by calculating the percentage of newly hired employees who stayed at the company over a certain time span provided their hire date made employment over that time span possible. For example, employees hired after July 2024 were excluded from the analysis calculating 12, 24 and 36-month retention percentages because it would be impossible for them to have been with the company more than 12 months since the data was only collected through June 2025. 3-month retention percentage was calculated by dividing the number of employees still working for the company 3 months after their hire date by the total number of employees hired. 12-month retention percentage was calculated by dividing the number of employees still at the company after 12 months by the number of employees still with the company after 3 months. 24-month retention percentage was calculated by dividing the number of employees still at the company after 24 months by the number of employees still with the company after 12 months. 36-month retention percentage was calculated by dividing the number of employees still at the company after 36 months by the number of employees still with the company after 24 months.

The promotion and education metrics used to measure QoH were created by calculating the percentage of new employees in a company who reported at least one promotion or educational accomplishment during their tenure with the company, provided it occurred within three years of their start date with that company. Recognition percentages were calculated based on whether newly hired employees received recognition from their peers within 3 years after starting with the company. Promotion, education and recognition metrics were coded as binary variables to control for confounds that could be created by differences in the nature of education, promotions, or recognition across employees. For example, we did not want to assign more value to an employee who reported completing five short technical courses compared to another employee who reported completing a single 2-year advanced degree.

Financial Metrics. The primary data used to validate the Quality of Hire Index was based on company stock performance and revenue performance. Stock and revenue data for companies contained in the 2025 Fortune 500 were gathered from several online sources. Data for the 473 public companies on the Fortune 500 list were drawn from Yahoo Finance. Revenue data for the 27 private companies on the Fortune 500 list was drawn primarily from Yahoo Finance, with some augmentation from other online sources such as Morningstar and CB Insights. This data was used to calculate year-over-year percentage changes in stock value and revenue growth focusing on the difference between annual revenue and stock value from December 31, 2023, to December 31, 2024.

Two steps were taken to clean and organize the financial data before conducting the analysis. First, companies that went through significant mergers or acquisitions during the study period were removed from the data set given the massive impact these changes can

have on employee retention, stock and revenue data. This reduced the sample size to 488 companies. Second, companies were placed into different industry categories based on their primary business services and revenue sources. This was done using a mix of industry labels used by the press to describe the companies, combined with language companies use to describe themselves. This step was taken to enable controlling for changes in QoH metrics that were more related to a company's industry than the company itself. For example, new hire turnover tends to be far higher for frontline retail jobs compared to entry level engineering jobs due to the nature of the work and number of qualified candidates in the labor market. Consequently, it would be unlikely for a company in the retail industry to have higher 12-month retention than a company in the aerospace industry regardless of the effort the retail company put into improving quality of hire outcomes.

Table 1 lists descriptive statistics for the variables included in this study. Table 2 lists the number of companies in each industry group.

Table 1: Study Metrics Descriptive Statistics

	Mean	Median	Min	Max
3-month retention %	96.9%	97.6%	75.5%	100.0%
12-month retention %	84.0%	84.8%	56.6%	97.8%
24-month retention %	68.2%	69.0%	38.8%	95.4%
36-month retention %	57.1%	57.9%	21.8%	89.5%
Promotion %	27.0%	27.0%	7.7%	48.3%
Education %	16.3%	15.7%	0.0%	50.0%
Recognition %	2.3%	2.0%	0.0%	11.2%
YoY Stock Change	17.2%	13.6%	-85.2%	316.1%
YoY Revenue Growth	5.4%	3.6%	-33.7%	114.2%

Table 2: Number of Companies by Industry

Industry Type	# of Companies
Aerospace & Defense	12
Air Travel	6
Automotive	10
Banking	19
Business Services & Consulting	24
Chemicals & Materials	26
Construction	11
Consumer Goods	41
E-Commerce	12
Energy & Utilities	56
Financial Services	17
Healthcare - Devices, Equipment & Product	16
Healthcare - Hospitals & Patient Services	8
Hospitality	5
Industrial & Engineering	33
Insurance	44
Investment Management	12
Media & Entertainment	5
Payments & Credit	7
Pharmaceuticals & Biotechnology	13
Restaurants & QSR	5
Specialty & Vertical Retailers	21
Technology - Information Technology & Infrastructure	37
Technology - Software, Platforms & Core Technology	9
Telecommunications	6
Traditional & Big Box Retailers	22
Transportation & Logistics	11

Developing and Validating Quality of Hire Scores

Stepwise regression modeling was used to identify if variance in stock and revenue metrics showed significant relationships to LinkedIn QoH data. The analysis found that 2.2% of the variance in stock change and 4.2% of the variance in revenue growth could potentially be accounted for using QoH metrics. Both results are significant at the $p<.05$ level, however the predictor weights calculated by stepwise regression models are notoriously unreliable due to overfitting based on chance sample variance. For this reason, the QoH scoring model was developed using a more stable unit weighting approach.

The first step in developing the scoring model involved examining correlations between the individual LinkedIn metrics and stock and revenue performance. Table 3 lists correlations between all the metrics used in the study. Most of the correlations are non-significant ($p < .05$), however at this stage focus was placed on the direction of correlations vs. their significance. This is because metrics that have non-significant sample correlations by themselves can be combined to create reliable and statistically significant scoring algorithms if they measure aspects of the same latent construct (Nunnally, 1978).

Table 3. Correlation between company metrics (n=488*)

	Stock	Rev	Rec	Edu	Prom	3MO	12MO	24MO	36MO
YoY Stock Change %	1.00								
YoY Revenue Growth %	0.26	1.00							
Peer Recognition %	-0.02	0.13	1.00						
Education completion %	0.01	0.15	0.73	1.00					
Promotion %	0.10	0.16	0.39	0.56	1.00				
3MO Retention %	0.00	-0.03	0.10	0.29	0.20	1.00			
12MO Retention %	0.02	0.08	0.29	0.40	0.31	0.52	1.00		
24MO Retention %	0.00	0.03	0.28	0.38	0.23	0.49	0.81	1.00	
36MO Retention %	0.02	0.03	0.27	0.36	0.27	0.57	0.76	0.93	1.00

*n= 473 for stock change %

Upon reviewing the correlations in Table 3 and reflecting on the nature of the data, the decision was made to remove 3-month retention from the QoH algorithm. The theoretical justification for this decision is based on the nature of LinkedIn data. LinkedIn does not measure retention directly. It provides an ability to estimate retention based on when individuals report joining and leaving a company. Given how LinkedIn is used by employees, it seems unlikely that someone would voluntarily share that they joined a company if they subsequently quit or were fired from that company in under 3 months. If they did report joining a company for less than 3 months, it seems probable that the position may have been temporary in nature. The decision was also made to combine 24-month and 36-month retention to create a single measure of new employee commitment. Combining these two highly correlated variables led to creating a new variable called "Long-term retention" that showed small but slightly higher levels of correlation with stock change (.02) and revenue growth (.04) than each of the variables on their own.

The review of individual correlations in Table 3 led to creating the following QoH algorithm:

Quality of Hire (QoH) = (Enrollment) + (Commitment) + (Achievement) *where*

Enrollment = .25 * (% employees retained from hire date through 12 months)
Commitment = .25 * (% employees retained from 12 months through 36 months)
Achievement = .5 * [(Promotion % + Education % + Recognition %)/3]

Table 4 shows the correlations between QoH and the other study variables. QoH is significantly correlated with Revenue growth at r =.15 but failed to achieve a significant correlation with Stock change at r=.05. Although the study hypothesized there would be a relationship between QoH and stock performance, the failure to support this hypothesis is understandable. The correlation between stock change and revenue growth is relatively small at .26. Compared to revenue growth, stock price is more likely to be affected by external economic factors that are unrelated to how a company manages its workforce.

Research has also shown actions that negatively impact QoH such as layoffs can temporarily drive up stock performance (Cascio et al, 2021).

Table 4. Correlation between QoH & Study Metrics (n=488*)

	Stock	Rev	Rec	Edu	Prom	3MO	12MO	24MO	36MO
Quality of Hire (QoH)	0.05	0.15	0.61	0.80	0.69	0.50	0.79	0.76	0.76

*n= 473 for stock change %

At this point, the study had established it is possible to measure QoH using public data in a way that is reliably associated with important company performance metrics, specifically year-over-year revenue growth. The next step was to explore how a company's industry might impact QoH. This includes examining whether controlling for industry affects the relationship between QoH, stock change and revenue growth. To assist in interpreting the data, a new metric called the Quality of Hire Index (QHI) was created. QHI is calculated by converting each company's QoH composite into a standardized score. QHI scores range from approximately 0 to 100 with a mean of 50 and a standard deviation of 15. QHI scores roughly approximate percentile rankings of a company based on its QoH composite.

Table 5 lists the average, minimum and maximum QHI scores for each industry. Comparing the average QHI scores across industries supports the importance of considering industry type when measuring QoH. The four industries with lowest average QHI scores are Restaurants, Big Box Retailers, Specialty Retailers, and Hospitality. These industries employ large numbers of people in frontline, hourly positions that tend to have fewer qualification requirements, higher levels of turnover, and less investment in employee development compared to other job types. It may be unrealistic to expect companies in these industries to have QHI scores comparable to those of companies in other industries. For example, the four highest scoring industries are Technology Software, Technology Hardware, Pharmaceuticals/Biotechnology, and Investment Management. Jobs in these industries tend to have extensive qualification requirements and much higher levels of pay and access to development resources than one would typically find in many retail or hospitality roles.

Table 5. QHI values and correlations by industry

	Stock	Rev	n	Mean QHI	Min QHI	Max QHI
Aerospace	-.316	-.019	12	59.7	35.4	86.9
Air Travel	-.329	.301	6	54.7	43.5	62.5
Automotive	.264	.542	10	54.0	16.2	60.6
Banking	.097	.497*	19	46.9	41.3	69.4
Business Services	-.079	.484*	24	51.0	19.1	80.1
Chemicals	.289	.109	26	40.9	18.1	68.9
Construction	-.489	.183	11	40.9	22.3	48.9
Consumer Goods	.079	.006	41	51.0	35.9	79.5
E-Commerce	-.466	-.378	12	44.3	15.8	71.2
Energy & Utilities	-.023	.028	56	57.4	44.1	78.9
Financial Services	.506*	-.427	17	57.3	46.3	68.2
Healthcare Devices	.547*	.252	16	54.4	45.2	71.7
Healthcare Hospitals	.163	-.137	8	47.2	45.7	53.7
Hospitality	.348	.702	5	37.7	30.5	42.0
Industrial & Engineering	-.178	-.094	33	49.1	4.9	83.6
Insurance	-.264	.136	44	52.5	26.0	75.5
Investment Management	.033	-.337	12	62.3	42.9	74.8
Media & Entertainment	.219	-.132	10	48.6	23.3	72.0
Payments & Credit	-.138	-.020	7	60.9	48.7	79.4
Pharmaceuticals	.330	.750*	13	62.9	46.4	75.4
Restaurants & QSR	.255	.253	5	18.0	9.5	32.8
Specialty Retail	-.358	-.027	21	18.9	2.3	39.1
Technology Infrastructure	.187	.260	37	63.1	26.1	91.5
Technology Software	-.046	.173	9	68.7	59.9	73.7
Telecommunications	.289	.114	6	47.3	35.5	53.1
Trad & Big Box Retail	-.059	-.104	22	18.7	0.8	38.9
Transportation & Logistics	-.301	-.003	11	39.4	21.7	54.0

*p<.05

Table 5 also lists the correlation between QHI, stock and revenue growth within each industry. The correlations between QHI with stock and revenue varied considerably across industries, which is not surprising given the small sample sizes. Most of the correlations in Table 5 are non-significant, which was expected given the small samples and relatively small overall relationship between QHI, stock and revenue growth. The overall pattern suggests little to no association between QHI and stock change (average correlation of .02), and a moderate association between QHI and revenue growth (average correlation of .12). It is interesting how much the correlations varied across industries. This is due in part to unreliability caused by smaller sample sizes. But it may also indicate the presence of differences across industries in terms of the impact of QHI on revenue growth. However, the study lacks adequate data to make any strong conclusions about how industry impacts the importance of QHI beyond saying "more research is needed".

Comparing Quality of Hire to Glassdoor Workplace ratings

Companies that have high QHI scores are likely to have more effective methods for hiring, onboarding, developing and engaging employees compared to peers in the same industry. Consequently, one would expect companies that have higher QHI scores to be better places to work in general. To test this hypothesis, QHI scores were correlated with Glassdoor Employer of Choice ratings (see Table 6). These ratings were collected directly from Glassdoor via an API data feed. As hypothesized, QHI scores were significantly correlated with Employer of Choice ratings (r = .43). It is also interesting that Glassdoor Ratings show no significant relationship to Revenue Growth (r = .02), while QHI is significantly correlated (r = .15). This suggests that QHI may provide unique information about workforce management practices beyond what can be captured from employee survey ratings.

Table 6. Correlation with Glassdoor Engagement Ratings

	Stock	Rev	QHI	GlDr
YoY Stock Change %	1.00			
YoY Revenue Growth %	0.27	1.00		
Quality of Hire Index	0.05	0.15	1.00	
Glassdoor Rating	-0.01	0.02	0.43	1.00

Impact of Quality of Hire

It is one thing to establish there is a relationship between QoH and company performance, but another to justify investing resources to improve a company's QHI score. The following analyses estimate the financial benefits companies can realistically expect to achieve by taking action to improve the quality of hire outcomes that drive QoH.

QHI and revenue. The results of this study found that the correlation between companies' QHI score and their revenue growth is 0.15. While correlation is not causation, it is reasonable to assume the correlation between QHI scores and revenue growth reflects a causal relationship if one believes that generating greater value from newly hired employees will translate into a more productive and profitable workforce overall. Based on this logic, if a company increased its QHI score by one point it would statistically expect to increase its year-over-year revenue growth by 0.14%. Using 2024 financial data, this amounts to an increase in revenue of $1,876,000 for every one-point increase in QHI.[1]

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[1] The median growth in revenue of Fortune 500 companies in 2024 was $1.34 billion, excluding companies whose revenue shrank that year. The average growth was $3.60 billion.

Since industry type impacts QHI, one might wonder how much improvement in QHI companies can reasonably expect to achieve given the industry they are in. The average difference in QHI between the best scoring companies in each industry compared to their peers in the same industry is 18 points (see Table 5). Increasing QHI by 18 points is associated with a 2.4% increase in revenue growth. This suggests more than half of the companies in the Fortune 500 could conceivably increase their year-over-year revenue growth by over 2% through improving methods used to hire, engage, develop and retain new employees. This would amount to increasing revenue by an average of $33,768,000 solely through improving quality of hire.

The financial benefits of improved quality of hire are particularly great in industries where there are large differences in QHI between top scoring and bottom scoring companies. Variance in QHI within an industry can be thought of as a measure of opportunity for improvement for companies with lower QHI scores. Based on the data in Table 5, industries where companies are likely to have the greatest opportunities for improvement relative to their peers include Industrial Engineering, Technology Hardware, Aerospace and E-Commerce.

QHI and workforce metrics. Table 7 shows descriptive statistics for quality of hire metrics used to calculate QHI broken out by industry. The table also lists descriptive statistics for companies in the top and bottom quartiles of each industry based on their QHI scores. On average, companies in the top quartile based on QHI scores have 12% higher 12-month retention and 20% higher 3-year retention of new employees compared to companies in the bottom quartile. The financial impact of these differences is likely to be large given the typical cost of turnover and number of employees hired annually by Fortune 500 companies. There are also sizable differences in the percentage of new employees who achieve educational milestones or receive promotions. On average, employees hired into top scoring companies are 9% more likely to achieve significant educational accomplishments and 10% more likely to be promoted compared to bottom quartile companies. The difference in promotion rates is particularly meaningful from a financial standpoint given research showing the cost saving and performance benefits gained by hiring from within (Keller, 2017).

Table 7. Quality of Hire Statistics by Industry

Industry	12mo retention			36mo retention			Peer Recognition			Education Achievement			Promoted		
	Avg.	Top Quar	Bot Quar	Avg.	Top Quar	Bot Quar	Avg.	Top Quar	Bot Quar	Avg.	Top Quar	Bot Quar	Avg.	Top Quar	Bot Quar
Aerospace & Defense	85%	93%	77%	61%	79%	39%	3%	5%	1%	23%	36%	14%	28%	35%	23%
Air Travel	87%	91%	84%	67%	77%	57%	2%	2%	1%	13%	14%	11%	29%	30%	28%
Automotive	83%	89%	79%	50%	61%	39%	3%	4%	2%	18%	23%	11%	23%	29%	16%
Banking	85%	90%	82%	58%	66%	52%	2%	3%	1%	17%	23%	13%	28%	35%	23%
Business Services	85%	91%	77%	55%	69%	40%	2%	3%	0%	14%	25%	6%	29%	39%	18%
Chemicals & Materials	85%	92%	75%	61%	74%	47%	3%	6%	1%	15%	21%	9%	23%	29%	18%
Construction	84%	90%	77%	55%	61%	48%	1%	2%	1%	11%	13%	8%	24%	27%	21%
Consumer Goods	84%	90%	79%	56%	66%	44%	3%	5%	1%	17%	24%	11%	27%	34%	21%
E-Commerce	79%	87%	68%	49%	62%	39%	3%	5%	1%	16%	27%	8%	29%	36%	22%
Energy & Utilities	89%	94%	83%	66%	77%	56%	3%	4%	1%	17%	23%	12%	26%	32%	20%
Financial Services	85%	91%	78%	61%	69%	52%	2%	3%	1%	17%	23%	12%	32%	36%	27%
Healthcare – Devices	86%	92%	82%	59%	70%	49%	3%	4%	2%	20%	25%	13%	27%	33%	22%
Healthcare - Hospitals & Services	82%	85%	77%	54%	58%	50%	1%	2%	1%	18%	21%	13%	27%	29%	24%
Hospitality	81%	85%	77%	54%	58%	49%	1%	1%	1%	9%	10%	9%	23%	27%	17%
Industrial & Engineering	85%	90%	80%	57%	67%	47%	2%	4%	0%	16%	25%	7%	25%	32%	18%
Insurance	86%	92%	80%	61%	74%	47%	2%	3%	1%	15%	22%	9%	30%	35%	25%
Investment Management	87%	91%	82%	64%	75%	52%	2%	3%	1%	17%	21%	14%	33%	37%	26%
Media & Entertainment	81%	86%	74%	52%	64%	42%	3%	5%	1%	14%	19%	8%	28%	36%	20%
Payments & Credit	87%	92%	84%	58%	67%	49%	3%	5%	2%	21%	29%	16%	32%	36%	27%
Pharmaceuticals & Biotechnology	86%	91%	79%	62%	72%	51%	4%	6%	3%	28%	30%	24%	27%	30%	24%
Restaurants & QSR	71%	80%	64%	42%	47%	36%	1%	1%	0%	4%	6%	3%	19%	21%	16%
Specialty Retailers	73%	81%	66%	42%	51%	31%	1%	1%	0%	6%	9%	4%	19%	22%	16%
Technology - Infrastructure	85%	91%	78%	59%	71%	44%	4%	6%	1%	24%	38%	12%	32%	41%	24%
Technology – Software	86%	91%	82%	64%	71%	55%	4%	5%	4%	21%	23%	19%	38%	40%	35%
Telecommunications	82%	85%	78%	54%	60%	46%	2%	3%	1%	15%	17%	11%	28%	31%	26%
Big Box Retailers	73%	82%	64%	37%	47%	29%	1%	1%	0%	6%	9%	4%	19%	24%	15%
Transportation & Logistics	82%	90%	74%	54%	66%	40%	1%	2%	1%	10%	13%	7%	22%	27%	18%
Average	83%	89%	77%	56%	66%	46%	2%	4%	1%	!6%	21%	12%	27%	32%	22%

The impact of QHI on workforce metrics also varies significantly across industries. For example, companies in the top quartile in Aerospace have 40% higher 3-year retention than their low-scoring peers, while the difference in 3-year retention between top and bottom scoring companies in the Telecommunications industry is only 6%. This suggests the impact companies may expect to see in their workforce as a result of efforts to improve quality of hire should be tempered based on what industry they are in.

Identifying Factors that Impact Quality of Hire

Table 8 lists companies with the three highest QHI scores in each industry. An obvious question to ask is: "What do the companies with high QHI scores do differently compared to companies with lower QHI scores?". To address this question, we conducted two analyses in hope of identifying best practices for increasing QHI based on publicly available data.

Table 8. Companies with top 3 highest QHI scores by industry

Industry	Company 1	Company 2	Company 3
Aerospace & Defense	RTX	Northrop Grumman	Boeing
Air Travel	Southwest Airlines	DELTA AIR LINES	American Airlines
Automotive	General Motors	FORD MOTOR COMPANY	Paccar
Banking	ALLY	JPMORGANCHASE	Capital One
Business Services & Consulting	Booz Allen Hamilton	S&P Global	AECOM
Big 5 US Technology	Meta	Microsoft	Alphabet Inc. (Google)
Chemicals & Materials	IFF	RELIANCE, INC.	EASTMAN
Construction	Lennar	FLUOR CORPORATION	NVR, INC.
Consumer Goods	Kenvue	Kellanova	Altria
E-Commerce	EXPEDIA GROUP	Ebay	Coupang
Energy & Utilities	GE Vernova	THE AES CORPORATION	NEXTERA ENERGY, INC.
Financial Services	Freddie Mac	Fannie Mae	SYNCHRONY
Healthcare - Devices, Equipment & Product	INTUITIVE	Solventum	Cencora
Healthcare - Hospitals & Patient Services	HCA Healthcare	Community Health Systems	DAVITA KIDNEY CARE
Hospitality	Marriott International	LAS VEGAS SANDS CORP.	MGM Resorts International
Industrial & Engineering	CUMMINS INC.	WABTEC CORPORATION	CATERPILLAR INC.
Insurance	Elevance Health	THE CIGNA GROUP	TIAA
Media & Entertainment	Netflix	Paramount Global	SIRIUSXM
Payments & Credit	Visa	Mastercard	Block
Pharmaceuticals & Biotechnology	ELI LILLY AND COMPANY	Vertex Pharmaceuticals	REGENERON
Restaurants & QSR	DARDEN	CASEY'S	Starbucks
Investment Management	Goldman Sachs	Corebridge Financial	ICE
Specialty & Vertical Retailers	Nike	AVIS BUDGET GROUP	CarMax
Technology - Information Technology & Infrastructure	Nvidia	Qualcomm	KLA
Technology - Software, Platforms & Core Technology	Workday	ServiceNow	Adobe
Telecommunications	EchoStar	Lumen Technologies	Comcast
Traditional & Big Box Retailers	CVS Health	COSTCO WHOLESALE	Sam's Club
Transportation & Logistics	Norfolk Southern	UNION PACIFIC RAILROAD	CSX

First, we compared the companies with top QHI scores with the "Fortune 100 Best Companies to Work For" list to see if the difference might be associated with practices that drive employee engagement overall. Only nine companies in the Fortune 500 appear in the Fortune 100 Best Companies to Work For list: American Express, Cisco, Hilton, NVIDIA, Marriott International, Pinnacle Financial Partners, Synchrony Financial, Wegmans Food Markets, and Worldwide Technology. Of these nine companies, only Marriott and NVIDIA had exceptionally high QHI scores. This suggests the criteria used to evaluate whether a company is a "best place to work" are different from those used to measure quality of hire. Things that make a company a great place to work for existing employees may not be the same things that make a company great at hiring and onboarding new employees.

Second, we used ChatGPT to analyze information found online to compare companies in the same industries with the highest and lowest QHI scores. While ChatGPT returned some interesting results, the findings were considered inconclusive given differences in how much information companies publish about their workforce management practices. Furthermore, when companies do share information about their HR practices, it is almost always presented in a favorable, non-critical manner. As a result, ChatGPT's results probably say more about how companies market their HR practices than they do about why some companies have higher QHI scores than others.

The efforts to use publicly available data to identify why some companies had higher QHI scores than others were relatively inconclusive. Fortunately, there is a wealth of research available on practices and factors that impact quality of hire. Table 9 lists some of the moderators that impact QoH based on this research. If companies wish to improve their QHI scores, then a good first step is to analyze data to determine how the current methods used to design jobs, hire candidates, and onboard new employees impact post-hire outcomes related to retention, performance, and development.

Table 9. Factors that Impact Quality of Hire
From the book "Quality of Hire" by S. Hunt & M. Fitzsimmons

Hiring Processes Variables

Employee Selection

- Prior work history
- Educational credentials
- Skills & competencies
- Resume content
- Hiring interviews
- Assessment scores

Applicant Sourcing

- Job location
- Work requirements
- Demographics
- Candidate sources

Candidate Engagement

- Applicant dropout stats
- Time to engage
- Time to offer
- Job preview information
- Compensation offers
- Candidate experience

Job Design Variables

- Organizational Structure
- Job Characteristics
- Compensation & Benefits
- Training & Development
- Job Responsibilities
- Job Market Variables

Onboarding Variables

- Resource Provisioning
- Benefits Enrollment
- Training
- Socialization
- Team Characteristics
- Onboarding Experience
- Manager Support

Study Limitations & Future Research Recommendations
This study succeeded in its goal of demonstrating that financially meaningful differences in Fortune 500 companies' quality of hire performance can be reliably measured using publicly available data. However, the study does have several limitations. The following are four specific areas that will hopefully be addressed through future research

Data reliability. QHI scores were calculated using self-reported data employees posted on LinkedIn about their employment status, work achievements, and educational accomplishments. Not every employee posts on LinkedIn when they change jobs or accomplish career objectives. Nor do LinkedIn updates necessarily capture the exact dates when employees started, changed or left jobs. Given the inherent unreliability of LinkedIn data, the correlations reported between QHI, revenue growth, stock change, and Glassdoor ratings are probably underestimated. This suggests the impact of QoH on company performance is likely to be larger than what was found in this study. Future research could calculate the accuracy of LinkedIn data by comparing QoH metrics based on publicly available data with more accurate metrics based on private data from company HR technology systems. This would make it possible to calculate reliability estimates for the data used in this study.

Industry categorization. A challenging aspect of cleaning the data for this study was assigning companies to different industries. Placing companies in similar industry categories was done to control for the impact of industry on QoH variables such as retention. But categorizing companies based on industry is a more complicated process than one might initially expect. Companies in the Fortune 500 are able to self-identify what industry they belong to, and companies that have similar types of jobs may place themselves in different industries based on how they want to be perceived by investors. Many companies also have divisions that fall into different industry categories. For example, consumer product companies may have large retail stores and manufacturing plant divisions. It would be insightful to conduct future research to see how QoH impacts performance of specific company divisions that are in the same type of industry, even if the companies are in different industries. Future research might also categorize company divisions based on geography to get a sense of how differences in local labor markets affect QoH.

Causality. This study implicitly assumes a causal relationship between how a company hires and onboards new employees and its subsequent financial performance, such that increasing QHI should lead to higher revenue growth. However, it is possible the causal relationship may go the other way because the more money a company has the more it can spend on recruiting, retaining, and developing employees. QoH is probably both a cause and a consequence of higher revenue growth to some degree. Future research could calculate the direction and strength of the causal relationship between QHI and revenue growth by comparing changes in QHI and revenue over multiple years.

Factors influencing QHI. This study demonstrated that differences in QHI scores are related to differences in revenue growth. The study also showed that the construct measured by QHI scores is empirically distinct from the construct measured by Glassdoor employee engagement ratings and Fortune best place to work rankings. The study was unable to identify specific practices that cause some companies to have higher QHI scores than others solely through using public data. Future research is needed to take an in-depth look at what factors cause some companies to have higher QHI scores than their peers in the same industry. Potential factors to consider based on the ChatGPT results of this study include candidate sourcing methods, job design characteristics, use of in-house versus outsourced recruiters, hiring criteria, candidate assessment methods, onboarding practices, learning resources, and talent management methods.

Conclusion

If the CEO or CFO of a Fortune 500 company learned they could increase year-over-year revenue growth of the organization by 2% through improving a single workforce management process, it seems likely they would ask what the process was. Upon learning it was the process used to bring new employees into the organization, they might question whether it was something the company could realistically improve. One way to answer this would be to show where the company stands relative to its competitors based on its QHI score. No company can be perfect at hiring and onboarding talent, but every company should strive to be at least as good or better than its peers in the same industry. This study demonstrated there is a lot of room for improvement for most organizations in the Fortune 500 when it comes to capturing quality of hire.

There is a wealth of knowledge and technology available to help companies increase quality of hire. But it often goes unused due to a lack of interest from business leaders who may not realize how much revenue their company is losing to faulty hiring and onboarding methods. Nothing good comes from putting people into jobs only to see them quit or fail. Great things happen when companies enable people to achieve their full potential by placing them in the right roles and giving them the right support. Hopefully this study will help inspire business leaders to devote more attention to ensure every hire is a successful hire.

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