

Abstract

The advantages of hiring reserve military members and veterans have been exhaustively identified and widely discussed, including such factors as leadership, teamwork, and resilience. However, to date, no one has addressed the impact of hiring military members and veterans on a firm's financial performance. The purpose of this study is to determine whether "military-friendly" firms (as described by GIJobs) outperform matched firms in terms of stock market returns. On the GIJobs 2015 list of the Top 100 Military Friendly Companies, 66 were publicly traded in the US. These firms were then matched with similar publicly traded organizations using 2-digit North American Industry Classification System (NAICS) codes. Stock market returns in 2016 were calculated for all organizations in the two samples. Statistically significant results indicated that: (1) 64.6% of the military-friendly firms had a higher return than the matched companies and (2) military-friendly companies had a mean stock market return that was 3.9 percentage points higher than the matched firms. These findings provide compelling evidence that there are important financial benefits associated with being a military-friendly employer.