

IMPLEMENTING SECOND-CHANCE HIRING

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EN:INSIGHTS FORUM
EXECUTIVE SUMMARY

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The April EN:Insights Forum gave members a sneak peek at new research from Strada Education, SHRM and the SHRM Foundation about the practice of intentionally recruiting individuals with criminal records and giving them a fair and equal opportunity at employment. The practice isn't just a matter of providing equal opportunities to a group of workers that is frequently overlooked and even actively avoided. It's also an approach that can help employers find qualified, motivated employees in today's tight labor market.

But second-chance hiring can run up against an embedded practice of avoiding candidates who've run into trouble with the legal system, including the long-established requirement of asking job prospects to disclose criminal convictions in their pasts. Changing these old practices requires HR executives to build a business case for second-chance hiring for other executives and board members, a task that the Strada Education, SHRM and SHRM Foundation data can help support.



DERRICK SCHEETZ
SENIOR RESEARCHER FOR SHRM

“Second-chance hiring is one area that SHRM’s been involved in and doing research on since 2018,” explained Derrick Scheetz, a senior researcher for SHRM. “The talent market today is very tight, as we all know, and less than a third of HR professionals feel their organization has been very effective at finding and recruiting talent with skills that are necessary within the past year. So, when exploring approaches to tackle these difficult and sustained labor challenges, business executives must consider new strategies to successfully achieve their talent demands and successfully reach their goals. And one strategy that’s shown to be effective for many businesses is second-chance hiring.”

An underutilized approach to finding talent: The United States releases more than 600,000 people from prison every year¹, resulting in nearly 1 in 3 working-age Americans having a criminal record.² The unemployment rate among the formerly incarcerated is five times higher than the jobless rate for the general population.³

NEW RESEARCH FROM STRADA EDUCATION, SHRM AND THE SHRM FOUNDATION FINDS MANY ORGANIZATIONS ARE STILL NOT SUPPORTIVE OF HIRING INDIVIDUALS WITH CRIMINAL RECORDS.



36%

of HR professionals say their organization employs one or more formerly incarcerated individuals.



91%

of those organizations describe their experience with these individuals as positive.



6%

say their organization actively recruits from this population.



Yet only
25%

of HR professionals say their organization is supportive or very supportive of hiring formerly incarcerated individuals.



“The idea of providing individuals who are formerly incarcerated or have a criminal record with a fair and equal opportunity at employment gained a lot of attention during the 1990s and 2000s during the ‘Ban the Box’ movement, when there was a focus on applications,” Scheetz said, referencing a campaign to remove questions on job applications that asked candidates to check a box if they’d ever been convicted of a crime. “Today, the focus is shifting to changing employer mindsets in raising support for employing workers with criminal records. This talent pool may be larger than you realize.”

Second-chance hiring achieves organizational goals: Recruiting candidates with criminal records offers a way to find qualified workers in a tight labor market, while also adding diversity to the workforce and building a stronger relationship with the surrounding community.

SECOND-CHANCE HIRING OFFERS ORGANIZATIONS AN OPPORTUNITY TO:

76%

Achieve talent goals: 76% of HR professionals agree that formerly incarcerated individuals are likely to have the skills their organization needs.⁴

6X

Enhance diversity, equity and inclusion: Black adults are six times more likely and Hispanic adults are three times more likely to be incarcerated than their white counterparts.¹

81%

Give back to the community: 81% of HR professionals agree or strongly agree that second-chance hiring plays an important role in improving their communities.⁴

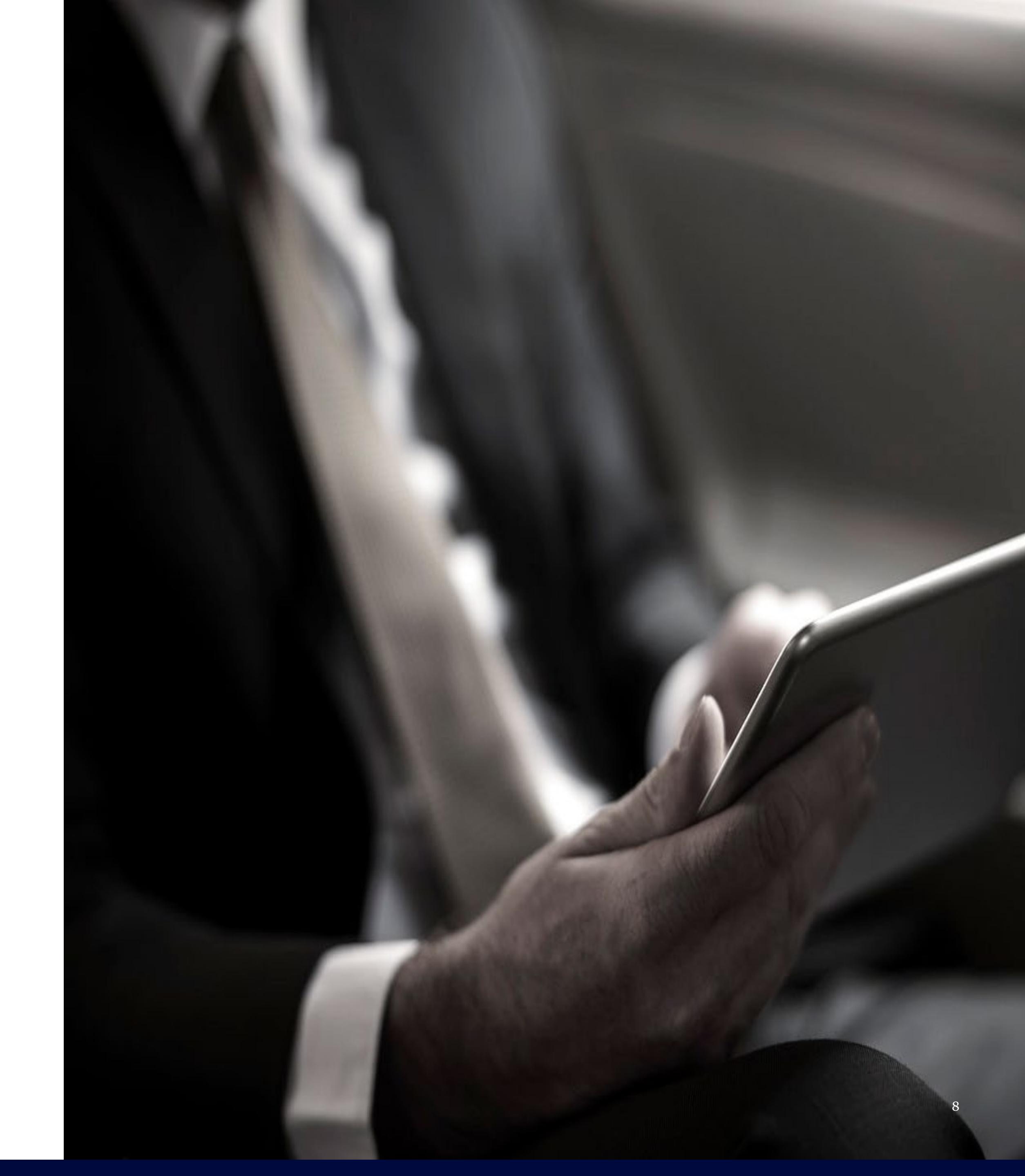


“Second-chance hiring can help organizations achieve their talent goals, and we’ve heard from our interviews that there is likely to be a chance that you land a long-term and loyal worker just by opening the door for them,” Scheetz said. “Second, you directly have the opportunity to enhance and contribute to diversity, equity and inclusion efforts. Additionally, second-chance hiring gives business executives and their organization a great opportunity to give back and make a difference in their community.”

Executive buy-in is crucial: As with many emerging HR strategies, the first step to creating a successful second-chance hiring effort is educating top executives and getting their support for the initiative.

“We found that this executive buy-in and dedication is actually one of, if not the, biggest barrier that organizations face in second-chance hiring,” Scheetz said. “Our 2021 research found that over one-third of business leaders (38%) said that they were personally willing to hire people with criminal records, which indicates that more often than not, people at the top of an organization are not very willing to hire from this talent pool.”⁵

He added: “If they’re not backing that initiative, it’s just not going to happen.”



Strategy 1—Address stigma and bias early and proactively: Because of stereotypes and unfounded suspicions that exist in society, HR professionals and executives initiating the conversation about putting second-chance hiring into place are likely to face resistance. Be prepared to handle objections like:

“Individuals with criminal records aren’t able to do the work my organization does.”

YET NEW RESEARCH FROM STRADA EDUCATION, SHRM AND THE SHRM FOUNDATION FINDS:

76% of HR professionals say formerly incarcerated individuals are likely to have the skills their organization needs.

65% of HR professionals say second chance hiring is an issue relevant to their organization.

“Our employees and customers won’t like it if we employ these kinds of workers.”

YET PREVIOUS SHRM RESEARCH FINDS:⁶

82% of Americans would feel comfortable patronizing a business that is known to give those with criminal records a second chance through work.

76% of Americans would be comfortable working for an employer that is known to give second chances to people with criminal records by hiring them.



“Hiring individuals with criminal records is too costly.”

YET PREVIOUS SHRM RESEARCH FINDS:⁵

81% of HR professionals say the cost-per-hire of workers with criminal records is about the same or less than workers without a criminal record.

“There will no doubt be some questions and some degree of skepticism when this topic is brought up, some of which might be misinformed or driven by stereotypes. **”**

DERRICK SCHEETZ
SENIOR RESEARCHER FOR SHRM

“It’s important to meet that skepticism with the reassurance that, many times, this workforce has the skills and the drive to be great employees, even if it might not seem like it on the surface.”

Strategy 2-Highlight success stories: Second-chance hiring isn't a new idea. Other organizations have been hiring workers with criminal records and seeing a great deal of success. The best way to fight suspicions and stereotypes is by using data-backed success stories. Our previous research found that workers with criminal records are rated by their employers “as good as or better than” other employees along several factors, including:⁵

JOB PERFORMANCE	POTENTIAL FOR PROMOTION	DEPENDABILITY	JOB RETENTION
85% HR professionals	77% HR professionals	75% HR professionals	72% HR professionals
81% Business leaders	65% Business leaders	73% Business leaders	68% Business leaders

“Business leaders love a great success story, especially when that is data-supported,” Scheetz said. “It’s really great to take that example and say, ‘Well, if that business can do it, we can definitely do it, and I bet we can do it even better than they can,’ which is always great to have on your side of an argument.”



Strategy 3-Work with local partnerships: One very effective approach for implementing second-chance hiring is working through partnerships with community organizations, rather than trying to build something from scratch by yourself.

One resource SHRM recommends is the [Second Chance Business Coalition](#), which already works with a number of well-known organizations, including Accenture, AT&T, Bank of America, Best Buy, General Motors, The Home Depot, JPMorgan Chase & Co., Microsoft, PepsiCo, Procter & Gamble, Prudential Financial Inc., Union Pacific, Verizon Communications, Visa and Walmart.

Additionally, the SHRM Foundation offers [resources](#) and a [certificate program](#) for second-chance hiring.

“Many organizations are finding success by connecting with programs or other organizations in their communities who can help them leverage this talent pool,” Scheetz said. “Our partnership research with Strada Education points to employers using community resources to help provide them with the resources to acquire and retain second-chance talent. You don’t have to go into second-chance hiring on your own.”

GIVE SECOND- CHANCE HIRING A REAL CHANCE



PATRICE FUNDERBURG

EXECUTIVE DIRECTOR,
CENTER FOR COMMUNITY TRANSITIONS
IN CHARLOTTE, N.C.

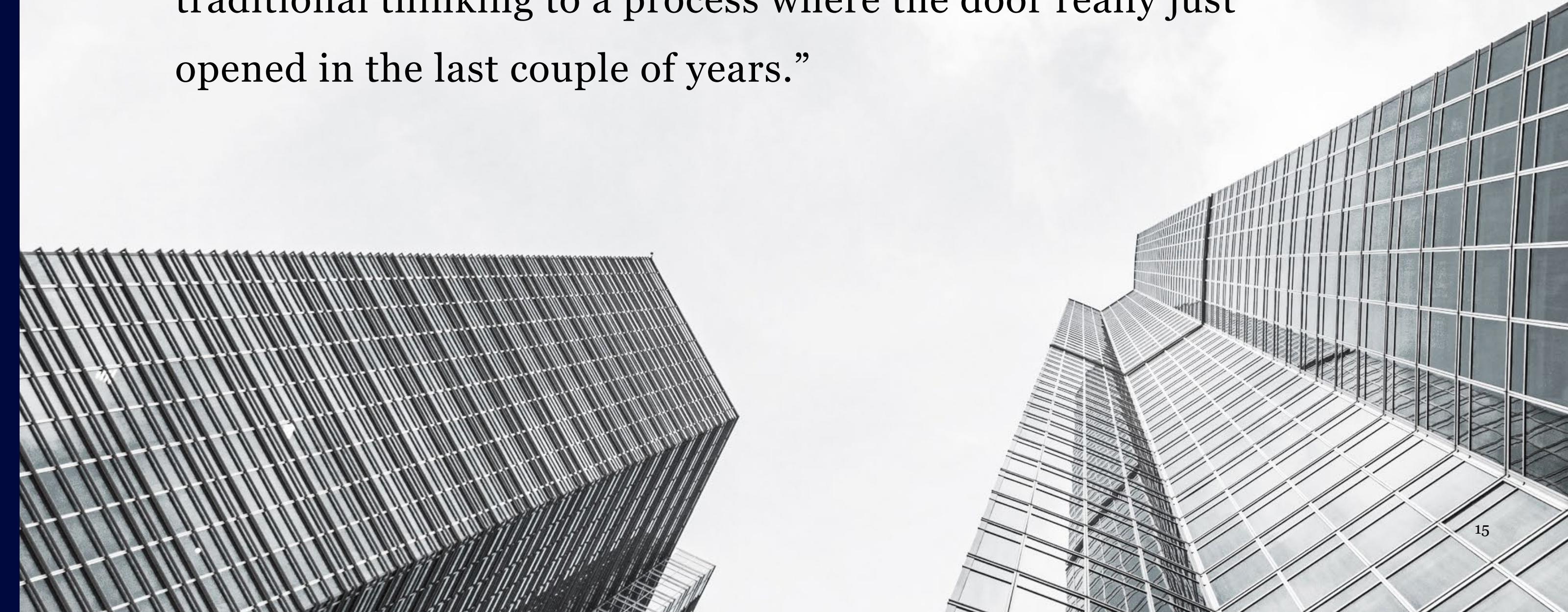


Patrice Funderburg describes herself as an “emancipated” HR professional, having transitioned from 20 years in HR roles. In 2016, as the nation was experiencing more police violence against people of color, and Black people in particular, Funderburg felt called to do different work, first to her own boutique firm fostering transformational change in organizations and then to work with the Center for Community Transitions in Charlotte, N.C., where she now is executive director. The center is a nonprofit organization with a mission to help people with criminal records and their families find a healthier and more productive way of living by providing employment and transition services.



Before taking on HR roles at Lowes, Belk, FedEx and others, Funderburg earned bachelor's degrees in business administration and human resource management from North Carolina University and The State University of New York, respectively, as well as a master's in organizational communication and development from Canisius College.

"I was looking this research over, and it was surprising to see just 38% of business leaders said that they were personally willing to hire people with criminal records. Since George Floyd, we've seen a spike in the number of companies that have joined the Second Chance Business Coalition, but on the other side of that spectrum, we haven't seen the hiring results," Funderburg said. "So, leaders are looking for data-backed stories for our community partnerships and success metrics that are just being defined in the last few years. So, we can't necessarily apply traditional thinking to a process where the door really just opened in the last couple of years."



Q & A WITH PATRICE FUNDERBURG

Q: **Our company deals with sensitive information, and we have the requirement of our clients that we need to do background checks. I also think everyone should get a second chance. So how do we go about this now if the clients require this from us?**

A: One of the best ways that you can begin to explore that is digging into the getting Talent Back To Work toolkit, focusing specifically on job relatedness. Depending on what industry you're in, look at the job functions that require that level of diligence. Also, depending on what state you're in, consider whether there are occupational licensing requirements that might be a barrier for an individual with a criminal record. Then, you begin to have those conversations with your HR law department. You can also be upfront in the hiring process and talk with individuals about whether they meet the requirements.

There are also background check vendors, Checkr.com being one, that have implemented a toolkit for background check processes specifically designed for the second-chance population. Then, work with your background check vendor to see if they have fair-chance hiring or second-chance practices that can support your efforts.

Q: **How does second-chance hiring affect liability or other insurance costs for companies?**



This gets back to the question of job relatedness and the particular requirements that we need to assess a bit more deeply the essential functions of that particular job. For a person with a criminal conviction history or a more recent experience of incarceration who meets the skills and talent requirements for the position, you definitely want to look into federal bonding opportunities.

The questions to ask are, ‘What is the essential function of that job?’ and ‘What is the time frame of that person’s conviction history or their period of incarceration?’ Then look into the federal bonding opportunities to provide insurance where it is applicable.

(Note: Bonds issued by the Department of Labor’s Federal Bonding Program (FBP) serve as a job placement tool by guaranteeing to the employer the job honesty of at-risk job seekers. Employers receive the bonds free of charge as an incentive to hire hard-to-place job applicants as wage earners. So far, more than 42,000 job placements have been made for at-risk job seekers who were automatically made bondable.

The FBP bond insurance was designed to reimburse the employer for any loss due to employee theft of money or property with no deductible. The bond protects the employer against losses caused by the fraudulent or dishonest acts of the bonded employee, including theft, forgery, larceny and embezzlement. Employers receive the FBP bonds free of charge as an incentive to hire these applicants. Each FBP bond has a \$5,000 limit with \$0 deductible and covers the first six months of a selected individual’s employment. For more information: Bonds4Jobs.com)

Q: Is it legal to disclose that a new hire was incarcerated to your associates?

A: I don't know that there is any special legislation like protected classes for criminal conviction history, but that is a part of emergent dialogue in some jurisdictions. I believe Fulton County and Atlanta have determined that formerly incarcerated folks are a protected class.

So, while there is no federal legislation for the justice-involved population, such as the five protected classes that we as HR professionals typically anchor ourselves to, just like your diversity recruiting programs, just like any other programs around ADA [the Americans with Disabilities Act], we don't offer or disclose that information legally. We would want to employ that same discipline to the justice-involved population until any federal legislation might occur.



Q: **Would you recommend advertising as a company that we are a second-chance hiring company?**

A:

Take a look into your organization's campaigns around Ban the Box and how effective they were. That's data that can be part of the business case. If those efforts were effective, use the employee resource groups to potentially do focus groups or maybe do a survey through your intranet and develop a campaign based on that.

What I would caution against is don't develop a campaign that you can't deliver. If there's going to be promotions, if you're going to use your social media, be sure that you have, even if it's just a baby step, to partner with a local nonprofit organization that you want to cross-promote, perhaps on your corporate social media, that actively works with the justice-involved population. That is a step toward executing a more sustainable program. Any blanket statements or broad stroke statements that 'We support this' without activating and executing against those statements is where you open the door for risk of blank statements that don't produce results."

Q: Does second-chance hiring need to be a set program or can it be an altered best practice within a company?



A:

I would recommend starting off as a separate program that evolves into a set best practice, because that builds with intention and deliberate business process focus into systemic change. Start it off as a set program, where you can really monitor progress and evaluate results and make changes necessary as you learn and explore.

As you take the time and intention and discover together with your business leaders, as well as the justice-involved folks you've hired, then it becomes an emerging best practice within the organization. That is the best possible opportunity to have a sustainable systems-level change that is fully integrated in both HR business processes and the organization's business practices that are going to impact the bottom line over time.

Endnotes

1. E. Ann Carson, *Prisoners in 2016*. U.S. Department of Justice, Bureau of Justice Statistics, 2018.
2. *Survey of State Criminal History Information Systems, 2012*. U.S. Department of Justice, Bureau of Justice Statistics, 2014. <https://www.ncjrs.gov/pdffiles1/bjs/grants/244563.pdf>
3. Lucius Couloute and Daniel Kopf, *Out of Prison & Out of Work: Unemployment Among Formerly Incarcerated People*. Prison Policy Initiative, 2018. <https://www.prisonpolicy.org/reports/outofwork.html>
4. Strada Education, SHRM and SHRM Foundation, in progress.
5. *2021 Getting Talent Back to Work Report*. SHRM, Charles Koch Institute and SHRM Foundation, 2021. https://www.gettingtalentbacktowork.org/wp-content/uploads/2021/05/2021-GTBTW_Report.pdf
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