

THE BUSINESS CASE FOR SECOND CHANCE EMPLOYMENT

**More than 80 million Americans have a criminal record.
That's a quarter of the entire U.S. population.**

In a hypercompetitive economy, where companies struggle to identify strong candidates at all levels of their operations, too many employers are missing out on qualified talent in this huge segment of the U.S. population.

Unfortunately, for individuals who have been caught up in the criminal justice system, employment and economic progress remain elusive at best.

Research shows that nearly nine in 10 employers require applicants to undergo a background check, and a criminal record can reduce the chances of a second interview by **50 percent**. As a result of this and other challenges, the **27 percent** unemployment rate among formerly incarcerated people in the United States, even before the COVID-19 pandemic, was higher than at any other point in U.S. history, including during the Great Depression.

Encouragingly, companies in a wide range of industries, including complex and highly-regulated sectors, have bucked this trend and established successful programs that give these job seekers a chance at meaningful employment. For companies that have a track record of second chance employment, opening up this talent pipeline is delivering great benefits. Here are some key reasons why companies are taking this step:

SECOND CHANCE EMPLOYEES PERFORM WELL AND WORKPLACES BENEFIT.

Employers who have made second chances part of their talent strategy have been rewarded.

According to **research** from the SHRM Foundation, 85 percent of human resources and 81 percent of business leaders report that individuals with criminal records perform the same as, or better than, employees without criminal records.

“ This collaboration is a powerful way for companies to work together to improve inclusion, diversity, and equity in our workforces. It's the right thing to do and I'm proud to be a part of it.”

- **Craig Arnold**,
Chairman and CEO, Eaton

And 82 percent of managers and 67 percent of HR professionals report that the value second chance employees bring to their organization is as high as, or higher than, that of workers without records.

On balance, second chance hires are highly loyal and productive employees. The SHRM Foundation **research** reveals that 66 percent of employees would be proud to work for an organization that offered training, guidance or mentorship opportunities to people with criminal records to facilitate their return to work. What's more, many companies that have changed their culture to ensure second chance employees can succeed are finding that their entire workforce is now more loyal and engaged. Improved employee loyalty means lower turnover and higher-quality outputs, both of which lead to stronger company performance. Failing to consider second chance candidates means companies are missing out on opportunities to grow a healthy workforce.



ADVANCING SECOND CHANCES IS AN EFFECTIVE WAY FOR EMPLOYERS TO MAKE GOOD ON THEIR DIVERSITY AND INCLUSION GOALS.

Qualified prospective employees are being excluded from economic opportunities due to their criminal record, which disproportionately affects people of color.

For example, Black adults are nearly six times more likely to be incarcerated than their white counterparts, and Latino adults are more than three times more likely.

To make progress on their inclusive workforce strategies, companies are increasingly taking a more sophisticated and nuanced approach to risk assessment as they determine which candidates are, or are not, suitable for the job.

Second chance employment is one key tool employers can use to advance this work. In the end, a criminal charge is just one of many factors that can assess the fitness and potential of a job candidate. It is also important to note that federal equal employment guidelines dictate that applicants should only be excluded if and when their charge is directly relevant to the position they seek.

SECOND CHANCE EMPLOYMENT NOT ONLY BENEFITS INDIVIDUALS AND COMPANIES, IT STRENGTHENS OUR COMMUNITIES AND SOCIETY.

More inclusive hiring is a powerful way to break the cycle of economic hardship, poverty and incarceration that characterizes many American communities. By giving second chance candidates an opportunity, individuals and families strengthen their financial health and communities stabilize. That means a better local economy, which boosts the business climate for all companies. Companies thrive when the communities around them also thrive. Second chance employment is one way that companies can make sure the communities where they operate are flourishing.

“ In this hyper-competitive global economy, we simply cannot afford to leave more than 80 million Americans on the sidelines.”

- Jamie Dimon,
Chairman and CEO, JPMorgan Chase & Co.

In the end, second chance hiring starts with an open mind on the part of CEOs and their HR and talent management leaders. It then takes a commitment to a more objective approach to risk and a recognition of the potential benefits. For companies that have taken this step, most find that their inclusive hiring creates a positive dynamic, makes all of their employees feel more valued and gives them a critical competitive edge.

The Second Chance Business Coalition is taking these efforts to a new level, giving companies the connections, resources and tools they need to build and strengthen their second chance employment programs.