

# Second Class or Second Chance? Why Some Employers Prefer People with a Background

By Steve Gordon and Monty Sharp, *Strategic Reentry Group*

## ABSTRACT:

Hard work and loyalty have become increasingly rare in today's workforce. In light of the national trend of providing support (resources and services) for those coming home from prison — known as "the reentry movement" — some employers are waking up to the fact that people striving to overcome a criminal background make excellent employees. Their unique combination of genuine gratitude for getting a second chance, combined with their enhanced work ethic, results in increased productivity and reduced turnover. Increasingly, employers are recognizing that this approach is not only a *moral* one, but also an *economic* one, yielding measurable financial benefits.

## Case in Point

Sam Baier at *EZA Recycling Solutions* in Denton, Texas reported the following at a recent summit meeting on the advantages of hiring people with a background. They have begun to prefer workers with a criminal background because they contribute significantly to the company's bottom line. "Chris" for example was selected because he seemed to be especially enthusiastic about his job. Sam measured his productivity as a recycling technician and found that he produced three pallets of output per day more than the average worker. This added \$9,000 additional revenue per month because Chris was working hard. Because Chris's gratitude for the opportunity was demonstrated in his loyalty, and resulted in turnover being reduced. Sam computed \$250 per month is saved in lower recruiting-related expenses. The EZA management team is now actively recruiting workers with a background, training them, and paying them a living wage: everybody wins!

## Labor Pool

The landscape of employable ex-offenders is growing with over 600,000 released in the U.S. per year<sup>1</sup>. 20 percent of men in the United States of working age (one in five) have a criminal record; 25 percent live in urban areas.<sup>2</sup> Employers that automatically discriminate against justice-involved candidates are potentially blocking out one-fourth of the labor pool.

## Work Ethic

Recent statistics prove people with criminal backgrounds tend to be hard workers. Big data research company Cornerstone (formerly Evolv), after sifting through human resource data on over three million employees, concluded that people with a criminal background are 1 to 1.5 percent more productive than people without criminal backgrounds. This increased productivity, manifested itself in higher production, willingness to work overtime, improved quality, etc., and resulted in significant savings and increased revenues.<sup>3</sup>

## Better Performance

A felony conviction is not a reliable indicator of low character or untrustworthiness, any more than a lack of a felony conviction is an indicator of good character or trustworthiness. Many employers are simply afraid that an employee with a criminal background will steal from them, assault someone, or worse. However, a 2009 University of Maryland study found that people with a criminal record are at no greater criminal risk seven to ten years after conviction than those with no criminal record. In addition, many returning citizens are under some type of community supervision, i.e. parole or probation. They often must maintain employment as a condition of their release, motivating them to "go the extra mile."

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<sup>1</sup> Wagner, Peter and Bernadette Rabuy. *Mass Incarceration: The Whole Pie 2015*. December 8, 2015. Prison Policy Initiatives. [www.prisonpolicy.org/reports/pie2015.html](http://www.prisonpolicy.org/reports/pie2015.html)

<sup>2</sup> Appelbaum, Binyamin. "Out of Trouble, but Criminal Records Keep Men Out of Work," *New York Times*, February 28, 2015.

<sup>3</sup> Javers, Eamon. "Inside the Wacky World of Data: What's Getting Crunched?" *CNBC.com*, February 12, 2014. [www.cnbc.com/2014/02/12/inside-the-wacky-world-of-weird-data-whats-getting-crunched.html](http://www.cnbc.com/2014/02/12/inside-the-wacky-world-of-weird-data-whats-getting-crunched.html)

Incarcerated adults in Texas are required to work various kinds of jobs as part of their prison experience, but receive no compensation for their work. As a result, when they have the ability to be paid for their labors, they experience increased gratitude resulting in positive motivation. Plus, the younger generation, which, in the “free world” has a steadily declining work ethic, are taught real, old-fashioned work habits (often under harsh conditions and bosses) that are not found in many places outside of prison any more.

### **Lower Turnover**

Few things hurt a business more than high turnover rates. According to a 2008 SHRM Foundation report, direct replacement costs can reach as high as 50%-60% of an employee’s annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary.<sup>4</sup> When employers spend too much time focusing on hiring employees they think won’t quit shortly thereafter, they may be neglecting other critical areas of the business that require their attention. According to a finding by the *Partnership for Safety and Justice*, employers who hire people with criminal backgrounds report lower turnover rates than with conventional hires.<sup>5</sup>

### **Advantages**

There are many bottom-line incentives for employers who hire the formerly incarcerated. For example, the Federal Work Opportunity Tax Credit (WOTC) provides a \$2,400 tax credit (per employee) to employers who hire people within a year of conviction or release from incarceration – even more for employing other disadvantaged workers such as veterans or those on public assistance.<sup>6</sup> Also, many grant-funded reentry programs have funds available for wage-subsidies that can pay up to half or more of the employee’s salary for several months, providing the hiring company a significant reduction in both cost and risk.<sup>7</sup>

A positive trend is emerging: smart employers “ban the box” and take more of a “whole person” approach – looking at the individual as they are today, not at a mistake they made in the past. EEOC compliance now includes rules that postpone criminal background checks until after the prospective hire has been extended a “conditional offer.”<sup>8</sup> Many businesses have signed the White House *Fair Chance Business Pledge*,<sup>9</sup> another sign that the pendulum has swung toward more hiring opportunities for disadvantaged workers.

*“...people are more than the worst thing they have ever done in their lives...”*  
— **Sister Helen Prejean**

### **Conclusion**

Precluding higher educations, steady gainful employment is a leading factor in preventing criminal recidivism. Of those who are rearrested, 95 percent are unemployed at the time.<sup>10</sup> Public safety is everybody’s concern, therefore America’s employers would be wise to take special note of how they can contribute to the formerly incarcerated re-entering society. Those individuals who have paid their debt to society and emerge from incarceration with a new perspective on life deserve a second chance. Giving them employment opportunities is an inspiring way to give back to the community and contribute to social change, plus it also can positively impact the company’s bottom line in measurable ways. So smart companies should investigate tapping this vast pool of human talent.

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<sup>4</sup> Allen, David G. “Retaining Talent: A Guide to Analyzing and Managing Employee Turnover”, SHRM Foundation (2008), [www.shrm.org/about/foundation/research/Documents/Retaining%20Talent-%20Final.pdf](http://www.shrm.org/about/foundation/research/Documents/Retaining%20Talent-%20Final.pdf)

<sup>5</sup> <http://csgjusticecenter.org/reentry/media-clips/five-bottom-line-reasons-why-employers-should-hire-ex-felons/>.

<sup>6</sup> [www.doleta.gov/business/incentives/opptax](http://www.doleta.gov/business/incentives/opptax).

<sup>7</sup> *Integrated Reentry and Employment Strategies: Reducing Recidivism and Promoting Job Readiness*. The Council of State Governments Justice Center, Le’Ann Duran, Martha Plotkin, Phoebe Potter, Henry Rosen, September 2013. [www.bja.gov/publications/csg-reentry-and-employment.pdf](http://www.bja.gov/publications/csg-reentry-and-employment.pdf).

<sup>8</sup> [en.wikipedia.org/wiki/Employment\\_discrimination\\_against\\_persons\\_with\\_criminal\\_records\\_in\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Employment_discrimination_against_persons_with_criminal_records_in_the_United_States)

<sup>9</sup> [www.whitehouse.gov/the-press-office/2016/04/11/fact-sheet-white-house-launches-fair-chance-business-pledge](http://www.whitehouse.gov/the-press-office/2016/04/11/fact-sheet-white-house-launches-fair-chance-business-pledge)

<sup>10</sup> Rohr, Catherine, “Why You Should Hire Ex-cons”, Inc.com (June 25, 2013)