

checkr

Fair Chance Hiring Report

A 2021 survey examining hiring practices and perceptions around fair chance hiring and DEI.



OVERVIEW

From pay inequities, wage gaps, hiring discrimination and more, the pandemic exposed many issues facing the U.S. workforce.

And while the pandemic forced change, sweeping legislation and monumental progress for fair hiring practices in America, there is still much work to be done as millions of Americans remain unemployed.

In fact, Americans with a conviction history are unemployed at a rate of over 27%, which is higher than the total U.S. unemployment rate during any historical period, including the Great Depression¹.

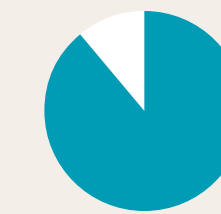
Every year, more than 600,000¹ Americans transition from prison back into communities, but they are widely shut out by the labor market and face discrimination throughout their job search. This discrimination unfortunately starts before they even submit an employment application when they are required to complete a background check.

But, background checks aren't necessarily the problem. When done correctly, they provide employers with data and insight that assist in making an informed hiring decision. However, one of the biggest problems with background checks is that employers depend on outdated technology and standards which automatically exclude entire populations of previously incarcerated individuals, without any insight into their conviction history. This approach decimates any chance of employment after incarceration, creates socioeconomic challenges and feeds the cycle of recidivism.

Not only does it put people with conviction histories at a significant disadvantage to get ahead in life, but it's also killing DEI efforts at the corporate level.

It's time we expose these issues.

¹ The Prison Policy Initiative <https://www.prisonpolicy.org/reports/outofwork.html>



89%

OF EXECUTIVES

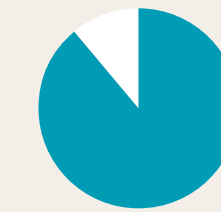
run background checks on every candidate



1 in 4

WORKERS

say they have not applied to a job in the past because it required a background check



90%

OF EXECUTIVES

say certain types of criminal records will automatically disqualify candidates for a job without the opportunity to refute or explain the charge



45%

OF EMPLOYEES

have been excluded or know someone who has been excluded from a job because of a conviction history

INSIDE THIS REPORT

In this report, we've surveyed U.S. employers and employees to understand current hiring processes, define employer DEI strategies in the new world of work, and uncover perceptions around fair chance hiring.

04 **Beyond banning the box**

Reviewing “Ban the Box” policies and exposing discrepancies in employers’ exclusionary hiring practices and beliefs.

05 **Fair chance talent and DEI strategies**

Understanding employer initiatives for diversity, equity and inclusion (DEI) and the need to include fair chance talent in these measures.

06 **Fair chance hiring in action**

Uncovering perceptions around fair chance talent and the business benefits of fair chance programs.

10 **A final word from checkr**

Checkr shares perspectives on the future of fair chance hiring.

Methodology: The group defined as “employees” consists of 1,200 U.S. adults ages 18 and older that are employed for wages at companies with more than 500 workers. Their employers are evenly split across six industries (finance and insurance; hotel and food services; retail; transportation and shipping; technology; and manufacturing). The group defined as “executives” consists of 400 U.S. adults ages 25 and older that are employed for wages and lead a company with more than 500 employees. Their employers are evenly split across six industries (finance and insurance; hotel and food services; retail; transportation and shipping; technology; and manufacturing). Conducted throughout September 2021 via mobile direct-to-consumer polling platform.

BEYOND BANNING THE BOX

2 in 5 employers don't have ban the box policies in place.

Across the country, 36 states and more than 150 cities and counties have implemented “ban the box” laws¹ which prevent employers from asking about a candidate’s conviction history on the initial employment application.

This is a crucial step in removing stigmas surrounding criminal records and creating a fairer hiring process. Unfortunately, our survey found that **82% of employees were asked about their conviction history while applying for their current job.**

Uncovering Bias Discrepancies in the Hiring Process

While around 2 in 3 employees (65%) say their company does not have ban the box policies in place, the majority believe their company is unbiased when interviewing or screening candidates (71%). The disconnect here is that asking a candidate to “check a box” if they have a conviction record introduces bias early on in the employment process. This significantly impacts a candidate’s chance at landing the job.

1. National Employment Law Project, <https://www.nelp.org/publication/ban-the-box-fair-chance-hiring-state-and-local-guide/>

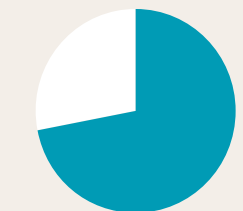
83% of executives believe their company has created a fair, unbiased hiring process. Meanwhile:



75%

OF THESE EXECUTIVES

admit to **searching a candidate online** to learn more about their record



72%

OF THESE EXECUTIVES

of these executives said it **impacted their hiring decision**

How online searching impacts executives decision to hire:



More than half of employees believe hiring people with conviction histories should be part of their company's DEI strategy (54%).

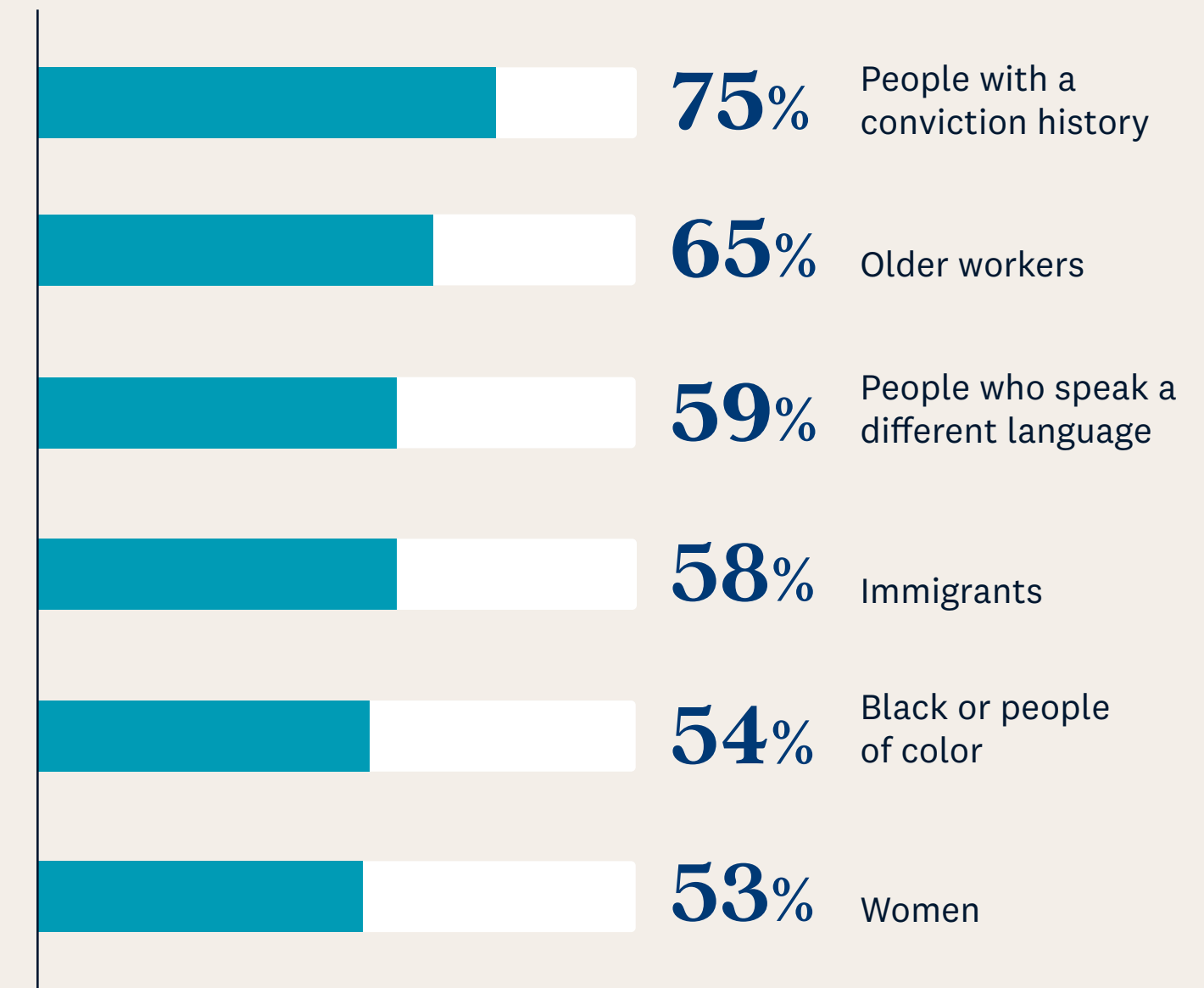
Diversity, equity and inclusion are now core tenets of business success—financially and reputationally—and fair chance hiring provides an opportunity to bolster these efforts. But, businesses still have much work to do to improve DEI.

Most employees either don't believe (24%) or are unsure (40%) if their company prioritizes DEI in the workplace, and **roughly 1 in 3 (31%) say their company's hiring process is prejudiced against certain populations.**

54%
OF EMPLOYEES
believe hiring people with conviction histories should be part of their company's DEI strategy

83%
OF EXECUTIVES
believe their company has created an unbiased, inclusive hiring process that encourages candidates from different backgrounds to apply

Of the **1 in 3 employees** that believe their company's hiring process is biased, these are the populations they feel experience the most prejudice:

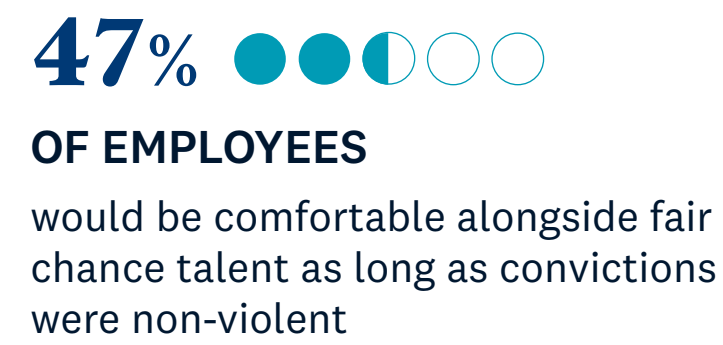
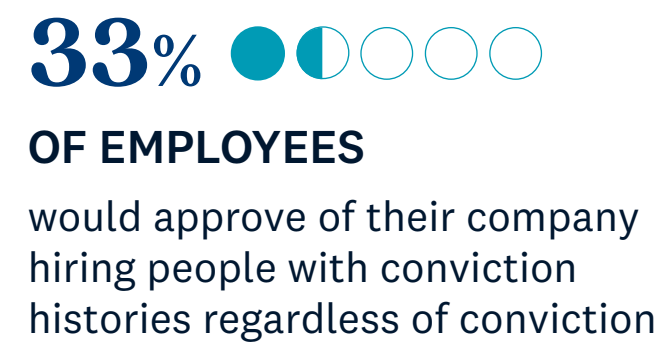


While most executives say they practice fair chance hiring (85%), it's clear that employees don't believe they're doing a good enough job. **Most workers say their employer either hasn't hired people with conviction histories in the past year (23%) or they are unsure (36%).**

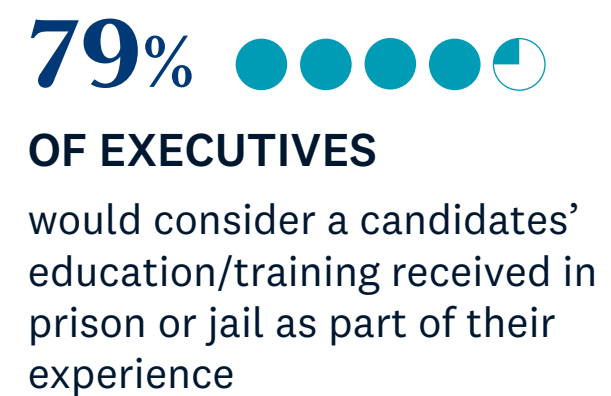
4 in 5 workers would approve of their company hiring people with conviction histories.

Overall, executives and employees want to hire fair chance talent and believe they should be fairly and equally treated and compensated.

Most employees would approve of their company hiring people with conviction histories:

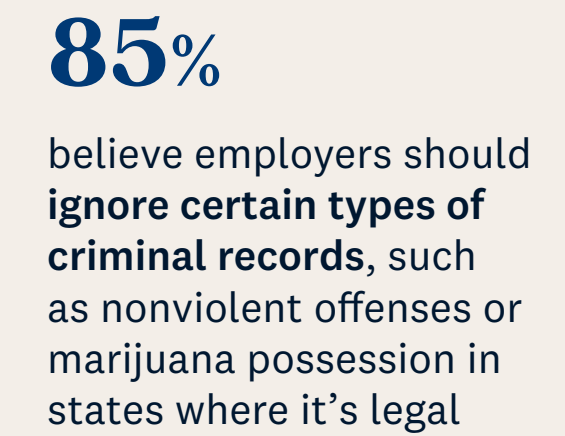
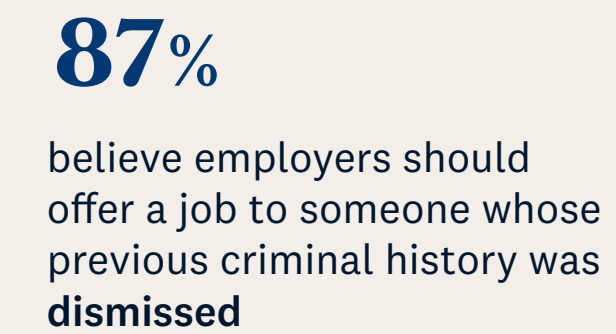


Most executives have started to add fair chance principles into both the interview and onboarding stages:



Most employees (67%) believe employers should “screen in” or allow certain offenses when running background checks.

Here are their views on how employers should evaluate fair chance candidates:

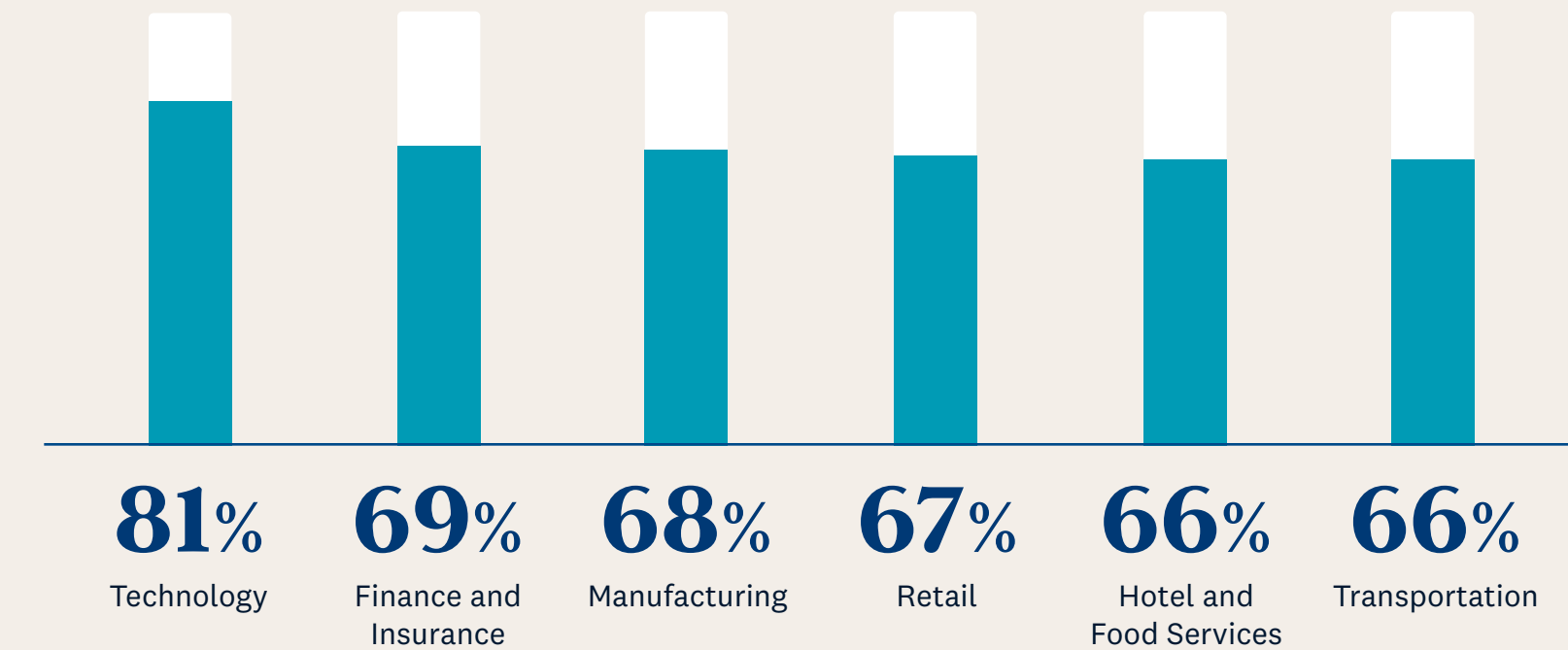


FAIR CHANCE HIRING IN ACTION

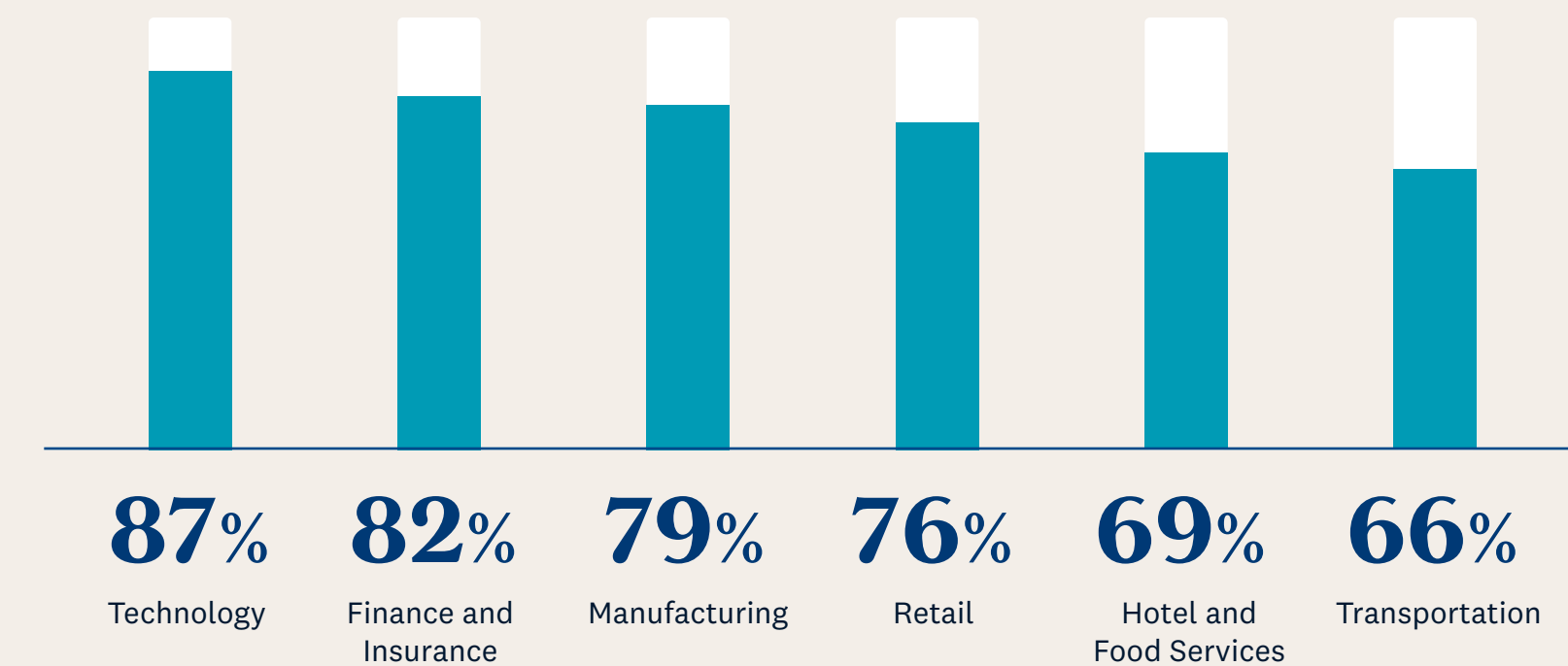
2 in 3 executives publicly report on fair chance hiring practices today (66%).

Executives are already incorporating fair chance hiring into their organization's DEI strategies. When broken down by industry, executives in the technology, finance and insurance sectors are leading the way in making fair chance hiring a key part of their DEI efforts.

70% of executives say hiring people with a conviction history is part of their company's DEI strategy



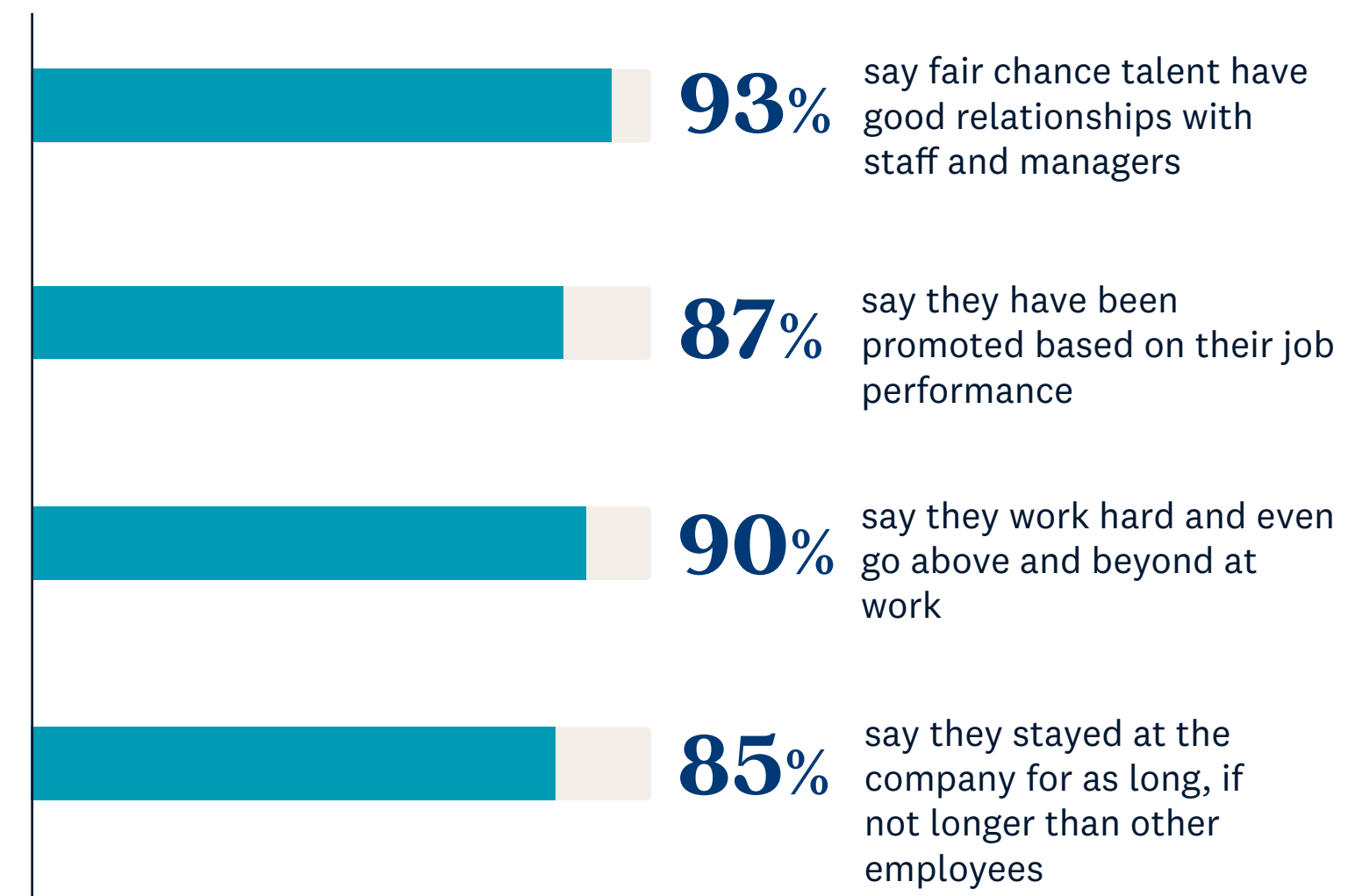
3 in 4 executives believe companies should report on fair chance hiring as part of their annual / DEI reporting (77%)



Fair chance hiring isn't just ethical, it's profitable.

2 in 3 executives (63%) have hired people with conviction histories in the last year and studies show fair chance talent often have higher productivity, retention and promotion rates than their colleagues without conviction histories.

Executives have rave reviews of these workers:



And the future of fair chance hiring looks bright.

Today, 84% of executives are interested in understanding how to be a fair chance employer and many are taking steps to activate fair chance programs.

83%

HIRING IMPROVED BY TECH

are using tools and tech to improve accuracy and remove bias from the hiring process

79%

BUDGET TOWARDS HIRING

plan to invest more budget in 2022 into fair chance hiring programs

78%

CHARGE EXPLANATION

would allow a candidate to offer an explanation or refute a charge that came up in their background check

75%

HIRING TRAINING PROGRAMS

have training programs in place to support fair chance talent and help them transition in their workplace

FAIR CHANCE HIRING IN ACTION

Once employers commit to launching a fair chance hiring program, they must take the following steps to be *successful*.

1

Create an intentional hiring plan

Success depends on securing buy-in from the executive team and department heads. Together, develop a strategy for making fair chance hiring a key initiative across the organization.

2

Make connections with local partners to support recruiting

Partnering with Community Based Organizations (CBOs) that focus on workforce development for fair chance talent can provide direct access to top talent.

3

Conduct skills-based interviews

Fair chance talent may not have the traditional work experience employers are accustomed to. Therefore, it's important to focus on transferable skills and willingness to learn during interviews.

4

Fairly assess charges

To properly assess a fair chance candidate's background, consider three things: the nature of the individual's conviction history, the length of time that's passed, and the nature of the job for which you're hiring.

CONCLUSION

A final word from Checkr

Despite the challenges employers have faced both finding and retaining talent over last year, it's important that they prioritize diversity, including fair chance talent.

By making the investment in fair chance talent now, employers will discover the solution to their talent shortage—one only exacerbated by the COVID-19 pandemic. Hiring workers with conviction histories not only creates a more inclusive, diverse workforce, it unlocks a powerful talent pool. System-impacted individuals are a proven asset for teams and employers as a whole—their perspectives and experiences can shape and improve business outcomes and they are committed to the work they're doing and to the companies they serve. Our data proves that they earn promotions at a high rate, and consistently work hard to be productive, collaborative contributors to the business.

We've seen these business benefits first-hand. Fair chance talent represents 5% of Checkr employees, and these employees maintain a 79% retention rate and 44% promotion rate year over year, which is a 30% higher promotion rate than the total employment rate.

The upside to fair chance hiring is clear, yet many businesses are hesitant to lean into fair chance hiring practices. This is largely due to systemic workforce stigmas that are reinforced by outdated hiring technologies and processes.

Today's recruitment and hiring practices are inherently biased against workers who don't perfectly meet their ideal candidate criteria. Many employers will toss out a resumé from an applicant with a conviction history. It's time we change this and work toward improving the hiring process—ultimately, giving all candidates a fair chance at employment.

At Checkr, we are committed to being part of the solution. Our efforts toward designing technology solutions which create opportunities for all will, hopefully, pave the way for a fairer future.

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For more information about this survey please contact checkr@shiftcomm.com

To learn more about how to get started on fair chance hiring, please visit: checkr.com