

## **UC Berkeley**

### **Cal-in-Sac Undergraduate Research on Diversity and Entrepreneurship**

#### **Title**

Overcoming Barriers to Employment By Employing Oneself: Understanding How A Criminal Record Affects One's Potential to Develop Their Own Business

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#### **Author**

Carrigan, Sidney

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# CAL-IN-SACRAMENTO FELLOWSHIP PROGRAM, FALL 2022

## DIVERSITY AND ENTREPRENEURSHIP IN CALIFORNIA

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In the spring of 2021, IGS launched a two-year Diversity and Entrepreneurship Fellowship as part of the Cal-in-Sacramento Fellowship program. Now in year two, IGS and the Matsui Center are proud to showcase students' original research on the challenges and opportunities facing women- and POC-owned small businesses and diverse entrepreneurs in California. This series includes op-eds, blog posts, policy briefs and other research products. Learn more at <https://igs.berkeley.edu/matsui-center/fellowships/cal-in-sacramento>.

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Institute of Governmental Studies, University of California, Berkeley  
109 Moses Hall, Berkeley, CA 94720-2370



## Overcoming Barriers to Employment By Employing Oneself: Understanding How A Criminal Record Affects One's Potential to Develop Their Own Business

Sidney Carrigan

The United States has the largest prison population worldwide with approximately 1.9 million individuals currently incarcerated (World Population Review, 2022). California contains over 122,000 of these individuals (Sawyer, 2022). The influence of a criminal record and the stigma associated with it taints each of these individuals' reentry into society and drastically affects all aspects of their lives, such as financial security, housing, and, most notably, employment opportunities. Since a criminal record has been proven to significantly deter access to employment, one can assume there are additional obstacles facing those attempting to overcome these barriers to employment through innovative methods, such as employing themselves. However, this is an avenue of research relatively untouched by scholars despite its importance. This presents the question: since a criminal record presents a notable challenge to merely securing employment, how does the presence of a criminal record affect small business owners in the process of developing and maintaining their businesses?

A criminal record poses additional complications when business owners try completing many of the tasks required to build a successful business. Data collected by the National Inventory of Collateral Consequences of Conviction displayed over 15,000 legal code provisions restricting necessary occupational licensing for these individuals (Umez, 2018). Formerly incarcerated entrepreneurs are often ineligible to receive aid from federal assistance programs, such as the Cares Act and Coronavirus Aid, Relief, and Economic Security Act's Paycheck Protection Program. Coss Marte, the founder of ConBody which teaches prison-style fitness classes, has been vocal regarding the difficulty of accessing liability insurance and a lease to formally start his business on account of his criminal record.

Despite the widespread lack of assistance designed for this community, a few organizations strive to support formerly incarcerated individuals' entrepreneurial journeys. In 2016, the federal Small Business Administration (SBA) implemented the Aspire Entrepreneurship Initiative to train prospective entrepreneurs who were formerly incarcerated while granting them microloans to establish their businesses. The SBA has also partnered with the W.K. Kellogg Foundation to match funds for pilot programs in various states and Justine PETERSON to educate these entrepreneurs. Additionally, Catherine Hoke's Prison Entrepreneurship Program, Beverly Parenti & Chris Redlitz's The Last Mile, and Karen Vander Molen's Building Entrepreneurs for Success in Tennessee (BEST) all work towards the goal of helping incarcerated and/or formerly incarcerated individuals by educating this community on the realm of entrepreneurship. These programs represent the potential for change by taking into account the needs of individuals wrapped up in the carceral system to mitigate the likelihood of recidivism and benefit their overall livelihoods upon release.

Resolving the conflicts emerging from the presence of a criminal record in business proceedings can effectively boost the economy by introducing more businesses and employment opportunities into local communities. Formerly incarcerated entrepreneurs tend to hire

employees with a criminal record which benefits their reintegration into society and decreases their chances of reoffending.

A primary component in advocating for effective change lies in understanding the experiences of individuals who have first-hand experiences with this process. Along with being an entrepreneur herself, Shani Shay was formerly the director and advocacy co-chair of the Incarceration to College Program at UC Berkeley. She expressed that entrepreneurship is a better pathway for them since external employment can be oppressive and incredibly stressful when pressed about their prior convictions. She personally endured these fear-filled emotions when informed she would have to undergo a background check for one of her first major contracts and faced anxiety over the response she would receive. She prioritizes expanding the accessibility for formerly incarcerated individuals to become entrepreneurs since they are an immensely innovative group of individuals lacking the ability to expand on their potential. This coincides with a need for increased resources directed towards this community to diminish the structural and mental barriers barring them from growth, programming within prisons that enable them to develop their businesses while incarcerated, and incentives for employers who hire and train formerly incarcerated individuals to further encourage entrepreneurship and employment opportunities for this community.

After having numerous job opportunities revoked due to his prior felony conviction, Josh Nowack pursued a career in entrepreneurship by founding Breaking Free Industries while aiming to assist those facing similar experiences by volunteering with Inmates to Entrepreneurs and recently being elected as a board member. While remaining vocal about how his race eased the process for him as he was more likely to be afforded the benefit of the doubt, he recalled many issues within the entrepreneurial process for formerly incarcerated individuals. Many SBA funding components are unattainable for these individuals. Combined with the poor credit individuals are left with after incarceration, they struggle to access financial assistance. When attempting to secure a commercial space, property managers tend to conduct both credit and background checks which threaten the opportunities for these individuals. Additionally, there is a mental component that stands in the way for these individuals as their self-worth has been consistently challenged throughout the carceral system. Since the societal expectation for these individuals is recidivism, society is structured based around this preconceived belief. Therefore, stability and support is required to efficiently aid this community and set them up for success. This can be completed through SBA grants designed for these individuals with associated educational and mentorship programming and bus passes to eliminate transportation-related stressors.

Change needs to occur in order to ensure those reentering society are supported in their efforts to begin their own businesses. More funding needs to be allocated to this community to help the beginning stages of business development. The unnecessary questions regarding one's criminal history need to be removed from the process of applying for financial assistance programs or leases to strip away the inaccessibility of starting a business. Ultimately, momentous work needs to be done to eliminate the stigma surrounding a criminal record to fully terminate the biases against these individuals that hinder their success in developing their own businesses. The absence of research on this topic is especially alarming when acknowledging this problem primarily affects the lives of vulnerable, marginalized individuals disproportionately targeted by

our nation's carceral system, specifically those who are Black and/or low-income. Without targeted, meaningful change, this discouraging process will continue to limit the potential of formerly incarcerated individuals.

## References

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