Summer 2009

Entrepreneurship / Small Business Programming within Correctional Facilities

Nancy M. Levenburg  
*Grand Valley State University*, levenbun@gvsu.edu

Nikki J. Powers  
*Grand Valley State University*

Follow this and additional works at: [http://scholarworks.gvsu.edu/sss](http://scholarworks.gvsu.edu/sss)

Part of the [Criminology and Criminal Justice Commons](http://scholarworks.gvsu.edu/crim/crim)

Recommended Citation

[http://scholarworks.gvsu.edu/sss/17](http://scholarworks.gvsu.edu/sss/17)

This Open Access is brought to you for free and open access by the Undergraduate Research and Creative Practice at ScholarWorks@GVSU. It has been accepted for inclusion in Student Summer Scholars by an authorized administrator of ScholarWorks@GVSU. For more information, please contact scholarworks@gvsu.edu.
Entrepreneurship / Small Business Programming within Correctional Facilities

Nancy M. Levenburg and Nikki J. Powers

Incarceration rates for U.S. residents nearly tripled between 1987 and 2007 and the United States incarcerates more people than any other nation in the world, including China. At present, there are upwards of 2.1 million individuals being held in federal or state prisons, or in local jails; it is estimated that over 93 percent of these individuals will one day return to their local communities. As ex-offenders attempt to reenter society and lead productive lives, one of their greatest challenges is finding and securing employment, which is often mandated by a court as a condition of their probation or parole. This is crucial; “the probability of recidivism – cycling out of and back into prison – varies inversely with an individual’s labor market opportunities, measured by both employment and real wage rates” (Weiman, 2007, p. 577). Nationally, two-thirds of prisoners are re-arrested and nearly 52% are re-incarcerated for a new crime or a violation of their release requirements within three years of release. This cycle of incarceration inflicts enormous financial, social, and emotional cost on victims, families and communities (Langan, Levin 2002 as noted in Lindal, 2007).

When released from prison/jail, ex-offenders are returned to their local communities, which are often in distressed and “criminogenic” neighborhoods where unemployment levels, particularly manufacturing-related, are high. An increasing number of federal and state laws either bar or restrict people with criminal records from holding particular occupations in fields such as finance, insurance, healthcare, childcare, transportation, and aviation. Ironically, these restrictions exist in the same industries for which prisoners often receive vocational training, in occupations like barbering and plumbing (Lindal, 2007). Employment application forms also frequently contain a question concerning whether the applicant has ever been convicted of a
crime. “Checking the box” nearly always guarantees that the applicant will not be hired: as reported in a study conducted in 2002, two-thirds of employers would not knowingly hire ex-offenders. (Holzer et al., 2003). Additionally, employers’ heightened security awareness post-9/11 and their increased ability to conduct background checks via the Internet has posed barriers to securing gainful employment (Lindal, 2007).

Given numerous difficulties encountered in attempting to secure employment through traditional channels, becoming an entrepreneur and launching one’s own small business may be one of an ex-offenders’ only viable career options. Wilson et al.’s (2000) meta-research study indicates that education programs produce a more positive impact on recidivism than do work programs, since “it is critical that offenders occupy their time with meaningful activities” (Wilkinson, 2001, p. 48).

Among those profiled in our paper, one notable program is the Prison Entrepreneurship Program (PEP), founded by Christine Rohr, a former Wall Street investor. This program operates within one facility within the Texas Department of Corrections, and is highly selective. Prisoners must complete 23-page application, take four tests, and undergo 11 peer and staff interviews. Only 56 percent of applicants are accepted, 70 percent of those graduate. The employment rate for these graduates is 97 percent, as compared to 11 percent among other inmates. Perhaps even more significant, the recidivism rate among graduates is less than five percent. Rohr has recruited 800 business executives to act as consultants for prisoners’ business plans and has partnerships with 12 MBA programs for student mentoring. In addition, prisoners learn business etiquette, how to make a sales pitch, and how to redirect their entrepreneurial skills into legitimate businesses. Outside business services, including venture capital funding, are also available to graduates (Carini, J. Jackson, J., 2008).
Business professionals and faculty members should be well poised to assist with entrepreneurship/small business reentry programs, because ex-offenders most often seek employment in business domains (e.g., manufacturing, construction, and transportation/public utilities). And while a few business schools have pioneered efforts to deliver programs inside prisons (e.g., PEP), there is a void in the business literature pertaining to the vital role that business education could play in helping to prepare ex-felons to reenter – and become positive, income-producing members of – society.

This lack of attention seems particularly striking given that one area of specialization in business is human resource management, which increasingly encompasses issues associated with diversity in the workplace and dealing with multicultural concerns – nearly half of ex-offenders are African-American and another 20 percent are Hispanic or Asian (Holzer et al., 2003). Finally, there has been an increasing focus on “triple bottom line” performance in recent years, to include (beyond profit), people and the planet (i.e., human and natural capital). Therefore, those who endorse an expanded spectrum of criteria for measuring organizational performance may well find that they can provide valuable services in their local, state, or federal correctional facilities, or conduct research that would impact their policies.

Entrepreneurship and small business management training that is delivered within prisons can provide offenders with a set of core business success skills that will help them to develop a strong business plan, and ultimately, help to increase employment and reduce recidivism. If prison education programs can produce even a moderate impact on employment and society, then reducing the human costs in terms of victimization and community destabilization, and financial costs of incarceration can be significant.
References


