

Paper finds employers increasingly willing to hire workers with criminal records

August 30 2022

A new paper in *The Quarterly Journal of Economics* indicates that many American businesses are willing to hire workers with criminal records. Such companies become even more interested in hiring such workers if offered crime and safety insurance.

Employers are unlikely to interview or hire workers with criminal records compared to otherwise similar workers. In 2008, the unemployment rate among formerly incarcerated people—27%—was higher than the U.S. [unemployment rate](#) for the [general population](#) at any point in history, including during the Great Depression.

In this paper, researchers used a field experiment to test several approaches to increasing the demand for workers with criminal backgrounds that directly address the underlying reasons that employers may conduct [criminal background checks](#). The researchers offered nearly 1,000 businesses crime and safety insurance to address risk concerns, as well as screening based on past performance reviews and the time since the most recent criminal records. The researchers also provided objective information on the average performance of workers based on their backgrounds to address risk and productivity concerns. They compared these approaches to the effects of a wage subsidy, essentially paying businesses to hire people with criminal records, a very expensive way to increase the demand for workers with criminal records, if a simple one.

The context for the study is a leading online labor platform used by

thousands of businesses in the United States to employ workers for short-term jobs. The companies use the platform to connect with workers to fill a range of entry-level jobs in sectors including general labor, hospitality, and transportation, as well as entry-level jobs in customer-facing or administrative sectors that are traditionally more averse to hiring people with criminal backgrounds. Businesses using the platform do not decide whether to work with individual workers. The platform extends the job offer to workers who meet minimum job qualifications. Potential workers can then accept or reject these job offers on a first-come, first-serve basis.

Researchers here found that 39% of businesses using the platform are willing to hire people with criminal backgrounds at baseline. Some 45% of businesses are willing to hire such employees for jobs that do not involve customer interactions. The researchers found that 51% of businesses without high-value inventory were willing to hire employees with criminal backgrounds. If employers are having difficulty filling positions the demand increases to 68%. Investigators found that demand increased by 10 percentage points when they offered employers the option of crime and safety insurance, a single performance review, or the ability to screen the most recent criminal records.

According to the study, limiting workers with criminal records to those who had completed a prior job on the [platform](#) increased demand for their services by 11 percentage points, the equivalent of the effect of an 80% wage subsidy. Limiting workers to those who had not been arrested or convicted in the past year increased demand by 21 percentage points, the equivalent of the effect of a 100% wage subsidy to employers. The researchers conclude that policies related to providing employers with crime and safety insurance and screening for workers based on past performance and the time since the most recent crime can significantly increase the demand for workers with criminal records at a fraction of the cost of providing employees with subsidies to hire such workers.

"With cost-effective policies, platforms can integrate workers with past involvement in the criminal justice system without deterring employers," said the paper's lead author, Zoë Cullen. "This is a promising approach to expanding labor supply, and simultaneously addressing a pressing social challenge."

The paper is titled "Increasing the demand for [workers](#) with a criminal [record](#)."

More information: Zoë Cullen et al, Increasing the Demand for Workers with a Criminal Record, *The Quarterly Journal of Economics* (2022). [DOI: 10.1093/qje/qjac029](https://doi.org/10.1093/qje/qjac029)

Provided by Oxford University Press

Citation: Paper finds employers increasingly willing to hire workers with criminal records (2022, August 30) retrieved 17 June 2024 from <https://phys.org/news/2022-08-paper-employers-increasingly-hire-workers.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--