

Direct incentives may boost hiring managers' willingness to employ individuals with criminal convictions

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Millions of people in the United States have a criminal conviction and are searching for work. But most employers are reluctant to hire people with records, especially those with felony convictions, a disproportionate share of whom are people of color. In a new study, researchers sought to determine whether government-provided incentives could reduce employers' reluctance to hire record holders. They found that a tax credit and insurance against losses boosted hiring managers' willingness to hire applicants with prior records.

The study, by researchers at RAND and the University at Albany, [appears](#) in *Criminology & Public Policy*.

"Although society benefits when people with criminal records work, employers are often hesitant to hire them," explains Shawn Bushway, a senior policy researcher at the RAND and a professor at the University at Albany (SUNY), who led the study. "We tested whether this reluctance could be reduced with direct incentives that lower the cost of employing people with records or that compensate employers for the associated risk."

Background checks for employment in the United States have changed, with the adoption by 37 states and more than 150 cities of Ban-the-Box hiring, which requires employers to remove questions about criminal records from job applications and conduct [background checks](#) later in the [hiring process](#). But even with this change, individuals with convictions tend not to be hired as frequently as those without. Governments can compensate employers for the costs of hiring people with criminal records via wage subsidies, insurance for small losses caused by theft, or protection from negligent hiring lawsuits.

In this study, researchers conducted two experiments with an occupationally and geographically diverse group of 1,000 hiring managers who made decisions about 14,000 hypothetical applicants. In

one experiment, termed traditional hiring, applicants' criminal history was available at the start, while in the other, reflecting Ban-the-Box hiring, that information was not available.

In both experiments, direct incentives boosted participants' willingness to hire applicants with records. The most effective incentives were a \$2,400 tax credit and \$25,000 insurance against losses as a result of employees' dishonesty. Protection from negligent hiring lawsuits was less effective.

The incentives worked regardless of whether applicants had misdemeanor or felony convictions. They worked not by changing perceptions about how record holders would perform as employees, the study found, but by compensating employers for hiring such applicants.

Using certificates of rehabilitation, which give employers information about a potential hire's risk of reoffending, also increased participants' willingness to hire applicants with criminal records, in part by improving perceptions about how [record](#)-holding applicants would perform as employees.

Among the study's limitations, the authors note that while their experiments used actual hiring managers, the applicants were hypothetical. In addition, participants were not a probability sample of U.S. hiring managers, so the study's results may not be representative of U.S. employers. Also, in large companies with formal background check policies, hiring decisions may be made at higher levels and involve less information about individual applicants, so the study's findings may be most helpful to smaller companies that lack centralized human resource departments.

"Two of the policies we tested are modeled after two current federal policies—the Work Opportunity Tax Credit and the Federal Bonding

Program—but neither is used widely," notes Justin Pickett, professor of criminal justice at the University at Albany, who co-authored the study. "Based on our findings, a policy that combines rehabilitation certificates with modest direct incentives may positively shift the employment levels of those with criminal records, even in the presence of Ban-the-Box."

More information: Shawn D. Bushway et al, Direct incentives may increase employment of people with criminal records, *Criminology & Public Policy* (2024). [DOI: 10.1111/1745-9133.12681](https://doi.org/10.1111/1745-9133.12681)

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