

SOCIAL ENTERPRISE: A ROUTE TO SYSTEMS CHANGE FOR WOMEN FORMERLY INCARCERATED

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INTRODUCTION

Women who were formerly incarcerated face a number of interrelated inequities and challenges on community reentry, which leads to poor social-emotional outcomes and increases risk of recidivism. These problems, which are compounded for women of color who have been formerly incarcerated and which are ultimately deleterious to individuals, communities, and the economy, are inadequately addressed by micro-level direct-service delivery and traditional solutions like governmental initiatives and nonprofit organizations. Because governmental initiatives and nonprofit organizations have become inefficient and ineffective in providing solutions to complex social problems, it has become imperative for social work professionals to investigate alternatives to achieve transformational change for individuals and communities. This paper contends that social enterprise is an emerging alternative best positioned to address complex challenges faced by women who have been formerly incarcerated, especially in mitigating barriers to employment and economic mobility.

Currently, the rate of women incarcerated in the U.S. is at an historic high, with the rate of women incarcerated calculated to be 133 per 100,000 residents (Kajstura, 2018). This rate is likely lower than the true rate of women who are incarcerated due to imprecise data collection, as criminal justice data collection does not always differentiate among individuals based on gender or include categories beyond the male/female binary (Kajstura, 2018). Further, collecting data on individuals who have been formerly incarcerated can be challenging due to situational and environmental obstacles such as housing insecurity, recidivism, or mental health challenges (Western, 2018). A “catch-22” situation emerges after incarceration, as economic resources are necessary for formerly incarcerated people to move forward, and yet safe, adequate employment is often out of reach. While employment is critical to economic wellbeing and stability in our society, people who have been incarcerated often find it is difficult to find employment with a criminal record, particularly in the first year following release, and they also face other structural and complex social, emotional, and environmental difficulties (Western, 2018). In a 2015 survey, 75% of participants who had formerly been incarcerated reported that finding employment was “very difficult” or “near impossible” with a criminal record (Ajunwa & Onwuachi-Willig, 2018). Indeed, the Prison Policy Initiative estimated that the unemployment rate of formerly incarcerated individuals is over 27%, greater than unemployment during the Great Depression

(Couloute & Kopf, 2018). Moreover, available employment opportunities may be inconsistent or provide income inadequate for supporting oneself or a household without governmental assistance (Western, 2018). Western (2018) found that within the first year after release, an individual's median income was nearly half of the federal poverty line amount for single adults, at \$6,428.

When women who have been formerly incarcerated obtain employment, the work is often highly supervised as a condition of release, which is inextricably entangled with negative societal perceptions about the individual's moral character (Gurusami, 2017). When individuals who have been formerly incarcerated are employed, they may be vulnerable to exploitation in the labor market (Gurusami, 2017; Zatz et al., 2016). It has been shown that the majority of individuals released after incarceration are motivated to find work and that in cases where an individual finds opportunity for skilled and sustainable employment, economic stability is possible and positive social and emotional outcomes often result (Western, 2018). Individuals who have a criminal record have a lower rate of job turnover, which could be cost-saving for employers (American Civil Liberties Union, 2017). Yet many public programs do not specifically target services to adults who were formerly incarcerated, which makes the reentry process all the more challenging (Western, 2018).

Some of the biggest obstacles to economic security are the constraints in obtaining employment that result from having a criminal record, including disclosure and professional qualification requirements common in both the public and private sectors (Ajunwa & Onwuachi-Willig, 2018). The lack of employment opportunities has negative spillover effects, including increased difficulty obtaining social welfare benefits (Seccombe et al., 1998). Formerly incarcerated individuals who have been recently released are also 10 times more likely to experience homelessness. Women are, on average, more likely to experience greater rates of homelessness than men (Couloute, 2018). Individuals who have been incarcerated would benefit from multisystem supports, including housing, physical health, and mental health services (Couloute & Kopf, 2018). Given that the majority of individuals recently released from incarceration are motivated to find work (Western, 2018), providing wraparound services and improving access to employment opportunities can meet demand and ultimately help expand economic growth. More support and accessible opportunity must be created in order to help improve reentry process and outcomes.

Women who have been formerly incarcerated face prejudice, discrimination, and barriers to obtaining employment and resources in our society, and these are compounded at the intersection of race and gender (Couloute & Kopf, 2018; Gurusami, 2017). Of individuals formerly incarcerated, Black women have faced the highest unemployment rate compared with men and White women (Couloute & Kopf, 2017). In one

study that examined the influences of race, gender, and criminal record on the hiring process, race and criminal record appeared to negatively impact the responses that women applicants received to online job applications, whereas there were no significant findings for men in this stage of the hiring process (Decker et al., 2014).

CURRENT BARRIERS TO FUNDING SYSTEMIC SOCIAL CHANGE

Criminal justice reform is necessary; however, achieving and implementing broad reformation in law and policy is a long, complex, and uncertain process. As we work towards larger-scale reform, something must be done in the interim to address the needs of women who have been formerly incarcerated. Examining the historical trajectory of responsibility for direct-service allocation can provide insight into current barriers to systemic change. Some economists contend that the U.S. runs on the economic principle that when markets in the private sector fail, the government has the ability or duty to intervene to provide resources that maintain or improve economic stability and societal wellbeing (Krugman & Wells, 2018). With the implementation of the New Deal, the U.S. government provided services to improve the wellbeing of society after the Great Depression devastated individuals, families, and communities nationwide (Gilmore, 2017). However, over time, the government slowly withdrew from providing direct services as this approach fell out of favor as a means of addressing large-scale social problems (Gilmore, 2017; Kivel, 2017).

In response to this change, nonprofit organizations emerged to take on the responsibility of providing direct human services (Gilmore, 2017). The shift in responsibility for direct-service provision and the emergence of nonprofit organizations allowed the government to step into a regulatory role that oversees the nonprofit sector's provision of services (Kivel, 2017). The structural shift towards state regulation of nonprofit entities created formalized standards for the nonprofit sector (Gilmore, 2017). The formalized relationship between public and nonprofit sectors means that nonprofits must abide by the rules that govern the allocation of public funds (Gilmore, 2017). Public funds, influenced by politics and legislative cycles, limit and moderate the change that nonprofits can achieve, because restrictions tied to financial support are set by the government and those in power (Gilmore, 2017).

In the United States, there are currently more than two million nonprofit organizations, which are now commonly considered a leading way to address societal problems and improve access to resources for people who have been marginalized (Gilmore, 2017; Reilly, 2016). It is estimated that government support makes up one third of a typical nonprofit organization's revenue (Saunji, 2015). Moreover, many nonprofit organizations rely on government funding for their free or low-cost services, which is unsustainable (Reilly, 2016). Traditional nonprofit funding, such as reliance

on foundation grants and government resources, can present limitations to macro-level social change due to funding biases, funding requirements, and a tendency to focus on shorter-term, specific projects (Kivel, 2017). These restrictions help perpetuate the Nonprofit Industrial Complex, a paradoxical structure that unfortunately and unintentionally upholds the very systems that these organizations set out to change (Kivel, 2017). This happens when organizations must rely on funding sources that may support those specific projects but that are opposed to creating systemic social change. As available government support is limited, nonprofit organizations need to find innovative strategies to obtain funding for their services (Defourny & Nyssens, 2010). Kivel (2017) notes that funding regulations limit nonprofit groups to providing direct services without providing resources to achieve transformational, systemic social change. In the same vein, the obstacle of securing funding is often challenging and primarily project-based, with time-consuming and restrictive requirements, which make it less feasible for nonprofit organizations to take action on larger system changes (Kivel, 2017).

Another factor that can inhibit social change work is reliance on funding from private grants and donors (Kivel, 2017). Individuals with higher amounts of wealth make up only 20% of the population, yet they control 91% of the nation's wealth (Kivel, 2017). Typically, individuals in the U.S. with a great amount of financial wealth are able to make larger, and therefore more impactful, financial donations. The professional and owner classes in our society choose where, if at all, to donate their money, impacting which organizations receive funding, how funding is allocated, and what the recipients must do to maintain the funding (Kivel, 2017). Thus, relying on wealthy donors to provide funding for the common good maintains power disparities.

Finally, it is pertinent to ask: When funding is received, who controls it? Government or donor-provided funding is intended to aid those individuals or groups that a nonprofit serves, but it is usually the case that the people intended to receive the benefit of the funding have no control over it (Kivel, 2017). The intended recipients' lack of opportunities to influence funding decisions is a perpetuation of oppression against groups already marginalized in society. Social enterprises focused on work support would have the ability to transfer equity to a more diverse range of recipients and to better empower the individuals they aim to support.

If organizations involved in the private sector prioritize making a positive social impact, they have the opportunity to leverage resources to support self-sustaining entities that can make change for the individual and to macro-level systems. Still, at its core, capitalism creates marginalization because it often fails to include or prioritize socially conscious considerations or decision-making in the interest of making a short-term profit (Mullaly & Dupré, 2018). Gurusami (2017) calls attention to

intersectional capitalism, the intersection of race and gender identities with the marginalizing forces of capitalism, in regard to formerly incarcerated women of color. Through intersectional capitalism, the state uses race and gender to exploit capital from women of color who were previously incarcerated by restricting employment opportunities to low-paid, grueling work that inhibits upward mobility, and then the state attributes individuals' economic failings to character flaws (Gurusami, 2017). In this process, the labor of women of color is molded to fit the state's desire for low-cost labor, as well as to meet the status quo expectations of race and gender roles (Gurusami, 2017). Cementing this system's power is the surveillance over these individuals that threatens reincarceration if conditional-release employment requirements are not met (Gurusami, 2017; Zatz et al., 2016).

SYSTEMIC CHANGE IS CRUCIAL AND TIMELY

Strong economic arguments can be made for expanding support and employment opportunities for individuals who have been formerly incarcerated, including a recent report that suggests that a majority of consumers want products that are socially conscious and that also suggests that among millennial consumers, how a company makes its profits has become increasingly important (Asmus, 2018; Nielsen Company, 2015). Given these trends and the devastating economic and social impact of mass incarceration, this is a critical time for implementing sustainable structures, informed by social consciousness, in private-sector activities in order to advance social justice action and increase access to resources for marginalized populations. Increased inclusion of formerly incarcerated individuals in the workforce could increase the U.S. gross national product by an estimated \$78 billion to \$85 billion (ACLU, 2017).

THE ROLE OF SOCIAL ENTERPRISE

Social enterprise initiatives can effectively address challenges faced by formerly incarcerated women through the creation of safe and supportive employment opportunities (Ajunwa & Onwuachi-Willig, 2018). The goal of social enterprise implementation is to create a sustainable source of revenue, often through commercial market activity, that is used to provide direct services, employment support, or reinvestment in a community or social change goal (Kerlin, 2018). Developing social enterprises that employ women who have been formerly incarcerated is one way to disrupt systems that limit change to the status quo. Social enterprises that offer employment opportunities to women who are formerly incarcerated, alongside holistic wraparound multilevel supports, create sustained opportunity for economic mobility in a way that the government and nonprofit organizations are simply not positioned to do. Given that social enterprises move in the for-profit sphere, they are better positioned to take quick, bold action in hiring practices, for example, and to develop supportive services that can be sustainably funded with generated revenue. This approach could create

immediate and lasting social change that advances economic opportunities for those who are marginalized by capitalism and who face challenges in accessing economic mobility.

Initially, it may seem counterintuitive to invite the private sector to address economic and social disparities that the private sector has helped to create. However, social enterprises are legally protected to focus on a social impact goal rather than to prioritize profit or economic returns for their shareholders alone (Reilly, 2016). In the U.S., 33 states have already passed social enterprise legislation, predominantly through Benefit Corporation (B Corp) statutes (Mirzanian, 2015). Social Purpose Corporations (SPC) and Low-Profit Limited Liability Corporations (L3C) also exist and differ in the extents to which they define their public benefit goals, are held accountable for social impact, are eligible for tax relief, and are evaluated by a third party (Mirzanian, 2015). Social enterprise frameworks vary across states, which yields pros and cons; implementation and regulation are not uniform, but variation in state economies and culture can promote innovative social enterprise strategies that flourish in different environments. The practical development in each locality and region is best based upon local cultural, economic, and historical factors (Kerlin, 2013). By using a multidisciplinary, institutional framework (Kerlin, 2013), we can understand how to best use social enterprises in a particular social climate in order to create system change.

CONSIDERATIONS FOR SOCIAL ENTERPRISE

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One must take care to understand oppressive hiring and employment systems when implementing social enterprise initiatives, in order to avoid recreating and perpetuating these dynamics. Social enterprises that focus on employment support and economic mobility must be voluntary to prevent coercion, and must have internal policies informed by a person-centered, trauma-informed, and strengths-based approach, with employment opportunities and support at every level of the organization. Social enterprises that create employment for formerly incarcerated women

should actively work against exploitative intersectional capitalism dynamics and should strategically plan viable, sustainable, stable economic growth for the women employed in a market that has traditionally served to marginalize them in multiple compounding ways.

Due to the fact that the job opportunities accessible to people with a criminal record can be limited and low paying (Gurusami, 2017; Ajunwa & Onwuachi-Willig, 2018), it will be important to set a higher standard for compensation in order to actively work against what have been exploitative environments. In the same vein, social enterprises have great potential to positively impact the job market for formerly incarcerated women. Rather than waiting for legislation to create and implement fair and just employment opportunities for formerly incarcerated women, social enterprises can more expediently change hiring policies and implement supportive employment practices within their own entities. Because the risk of unemployment is highest shortly after release (Couloute & Kopf, 2018; Western, 2018), integrating proactive outreach, nondiscriminatory hiring policies, and long-term job supports within the social enterprise will be key.

Another consideration is to institute subsidies meant for wages at social enterprises, similar to the social enterprise models commonly used in Spain (Fisac & Moreno-Romero, 2015), that support the social enterprise's growth, social impact, and ability to fairly compensate employees. As a part of the long-term job support, revenue generated by the social enterprises can fund self-sustaining, quality services that could be used to provide therapeutic, case management, and child care services. Such services would be exempt from outside limitations in funding and would help to fill gaps in access to needed social support while making employment more accessible. Finally, an internal policy must be in place that provides an opportunity for role and wage development should employees desire growth.

SOCIAL ENTERPRISE AND LIKE MODELS IN PRACTICE

There are currently more opportunities than ever to harness social enterprise and like models that center the people who receive services, in order to create true systems change. Unlocked Futures, an accelerator program, invests in criminal-justice-related for-profit and nonprofit organizations that are led by individuals with lived experience in the criminal justice system (Klintworth, 2017). Unlocked Futures has invested in Clean Decisions, founded by Will Avila, with its sister nonprofit, Changing Perceptions, which offers economic opportunity to individuals in the reentry process through employment in a supportive setting with access to free mental health and community supports (Klintworth, 2017; Clean Decisions, n.d.). Chrysalis, a social enterprise organization in California, is another exemplary organization that offers tangible and holistic support to people who face barriers to employment. As an organization, Chrysalis offers programs for job preparedness, tangible resources necessary for partaking in

the job search, mental health services, and women's empowerment programs, to name a few (Chrysalis, 2019). Chrysalis Enterprises is a transitional job program under the Chrysalis organization that provides employment and professional development support as individuals who previously faced barriers to work enter the workforce (Chrysalis, 2019). In its most recent annual report available, for the year 2017, Chrysalis reported that it had helped 2,800 people to secure employment and that over 70% of Chrysalis participants retained employment six months after hire (Chrysalis, 2019). Outside the U.S., East Van Roasters in British Columbia, Canada, is a coffee and chocolate business that supportively employs women who are in a residential addiction recovery program (East Van Roasters, 2019).

The FareStart and Clubhouse models are not legally defined as social enterprises but can be incorporated into an effective social initiative to serve formerly incarcerated women. FareStart is a Seattle-based restaurant and job training organization that facilitates job training and placement in the restaurant industry for individuals who are experiencing homelessness or have been incarcerated. All revenue from the restaurant goes directly back to the programs serving the participants (FareStart, 2018). David Lee, the founder of FareStart, reports that consumers expect that businesses will take the lead on creating change and also asserts that this environment enables social enterprises to be a sustainable source of positive change (Lee, 2017).

Another avenue for social change affecting the individual on both a micro and macro level is the Clubhouse Model. Certified Clubhouses are spaces for individuals with behavioral health conditions to get involved with community, social, emotional, and vocational opportunities. Clubhouse programs have empirically demonstrated their ability to help participants avoid hospitalization or incarceration and to help them achieve their social, financial, educational, and employment goals (Clubhouse International, 2018). Because FareStart and the Clubhouse models have a focus on economic opportunity and mobility as well as supportive employment that leads to positive social-emotional outcomes, these models can be platforms for further consideration of how to increase the effectiveness of social enterprise operations.

CONCLUSION

Social enterprises, if held accountable for their goals of social impact, can increase the flow of resources to people who have been marginalized by capitalism. When revenue is generated by the social enterprise, the organization can fund its own quality supportive services for its employee-participants in addition to providing employee-participants the benefit of having access to a stable, livable income. Self-funded services would give employee-participants an economic stake and influence over the service conception and delivery. Engaging in social change through social enterprises will enable populations that continue to experience marginalization and oppression to drive the care they receive and to access tangible benefits with opportunities for economic growth. In sum, we have hope and also have a responsibility to change the status quo for women who are formerly incarcerated, and in social enterprise, we have an actionable path forward to achieving this change.

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