HIDDEN WORKERS: UNTAPPED TALENT

How leaders can improve hiring practices to uncover missed talent pools, close skills gaps, and improve diversity

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Executive summary

Companies are increasingly desperate for workers. As they continue to struggle to find people with the skills they need, their competitiveness and growth prospects are put at risk.

At the same time, an enormous and growing group of people are unemployed or underemployed, eager to get a job or increase their working hours. However, they remain effectively "hidden" from most businesses that would benefit from hiring them by the very processes those companies use to find talent.

The irony that companies consistently bemoan their inability to find talent while millions remain on the fringes of the workforce led us to seek an explanation. How could such a breakdown in the fundamental laws of supply and demand occur? Why do companies consistently overlook large pools of talent? What changes would companies have to make to take advantage of that talent? Those became the driving questions behind our recent global study, which included a survey of more than 8,000 hidden workers and more than 2,250 executives across the U.S., the U.K., and Germany.

Our findings illuminate a situation that has worsened because of the pandemic but has, in fact, been growing over recent decades. A single data point made the intractability of the problem apparent—just under half (44%) of middle-skill "hidden workers" reported that finding work was *just as hard pre-Covid-19* as it was during our 2020 survey period.

Our research revealed that long-standing and widespread management practices contribute significantly to constraining the candidates that companies will consider, leading to the creation of a diverse population of aspiring workers who are screened out of consideration—or "hidden." But it also affirmed that companies that purposefully hire hidden workers realize an attractive return on investment (ROI). They report being 36% less likely to face talent and skills shortages compared to companies that do not hire hidden workers. And they indicate former hidden workers outperform their peers materially on six key evaluative criteria—attitude and work ethic, productivity, quality of work, engagement, attendance, and innovation.

Who are hidden workers?

In coining the term "hidden workers," we wanted to hone in on language that reflected the effects that companies' policies, practices, and deployment of technology have on their capacity to identify and access various pools of talent. The term "hidden worker" is not intended to suggest in any way that workers are hiding and wish to or actively seek to remain excluded from consideration for employment. Far from it. Our analysis indicates many such workers want to work and are actively seeking work. They experience distress and discouragement when their regular efforts to seek employment consistently fail due to hiring processes that focus on what they don't have (such as credentials) rather than the value they can bring (such as capabilities).

Ultimately, we found that hidden workers fall into three broad categories: "**missing hours**" (working one or more part-time jobs but willing and able to work full-time); "**missing from work**" (unemployed for a long time but seeking

employment); or "**missing from the workforce**" (not working and not seeking employment but willing and able to work under the right circumstances).

And critically, we found that they do not represent a homogeneous group. They include caregivers, veterans, immigrants and refugees, those with physical disabilities, and relocating partners and spouses. They also include people with mental health or developmental/neurodiversity challenges, those from less-advantaged populations, people who were previously incarcerated, and those without traditional qualifications.

In the U.S., there are, by our estimates, more than 27 million hidden workers. We estimate similar proportions of hidden workers across the U.K. and Germany. The sheer magnitude of this population reveals the potential impact that their substantial re-absorption into the workforce would have.

What keeps them hidden?

Several barriers contribute significantly to keeping companies from considering hidden workers as candidates to meet their skills needs. They include:

A widening training gap. The rapid pace of change in many occupations, driven in large part by advancing technologies, has made it extremely difficult for workers to obtain relevant skills. The evolution in job content has outstripped the capacity of traditional skills providers, such as education systems and other workforce intermediaries, to adapt. The perverse consequence is that developing the capabilities employers seek increasingly requires the candidate to be employed.

Inflexibly configured automated recruiting systems. An Applicant Tracking System (ATS) is a workflow-oriented tool that helps organizations manage and track the pipeline of applicants in each step of the recruiting process.

A Recruiting Management or Marketing System (RMS) complements the ATS and supports recruiters in all activities related to marketing open positions, sourcing key talent, creating talent pools, and automating aspects of the recruiting process such as automated candidate scoring and interview scheduling. Together, these systems represent the foundation of the hiring process in a majority of organizations. In fact, more than 90% of employers in our survey use their RMS to initially filter or rank potential middle-skills (94%) and high-skills (92%) candidates.

These systems are vital; however, they are designed to maximize the efficiency of the process. That leads them to hone in on candidates, using very specific parameters, in order to minimize the number of applicants that are actively considered. For example, most use proxies (such as a college degree or possession of precisely described skills) for attributes such as skills, work ethic, and self-efficacy. Most also use a failure to meet certain criteria (such as a gap in full-time employment) as a basis for excluding a candidate from consideration irrespective of their other qualifications.

As a result, they exclude from consideration viable candidates whose resumes do not match the criteria but who could perform at a high level with training. A large majority (88%) of employers agree, telling us that *qualified high-skills candidates* are vetted out of the process because they do not match the exact criteria established by the job description. That number rose to 94% in the case of middle-skills workers.

Failure to recognize and elevate the business case. Most companies that have engaged with hidden workers have done so through their corporate foundations or corporate social responsibility (CSR) efforts. Those are praiseworthy activities, but also inherently reinforce the myth that hiring hidden workers is an act of charity or corporate citizenship, rather than a source of competitive advantage.

Recommendations

Companies can take several steps to include hidden workers, and in doing so, create a new and valuable pipeline of talent. Chief among them: reforming their approach to talent acquisition overall and developing a customized approach to hiring hidden workers.

Reforming the approach to talent acquisition

Refreshing job descriptions. Most companies add new skills and experience preferences to existing job descriptions rather than re-evaluating those descriptions from scratch. As a result, they end up with a candidate profile that is larded with legacy requirements and "nice to have" attributes rather than a focus on a limited list of "must-have" skills and experiences that correlate to performance in the role.

Shifting from "negative" to "affirmative" filters in an ATS or RMS. An ATS/RMS largely relies on "negative" logic to winnow the applicant pool. Workers are excluded from consideration due to variables such as the lack of a college degree or a gap in their employment history. While employers may infer that applicants who have those attributes are undeserving of consideration, applying an "affirmative" logic would seem a more logical approach for seeking talent. Configuring systems to identify applicants with the specific skills and experiences associated with fulfilling the core requirements of the role would promise to be more efficient and inclusive.

Establishing new metrics for evaluating talent acquisition. The current system emphasizes and rewards expense minimization. It should emphasize human asset maximization. Recruiters and the talent acquisition processes ought to be evaluated on metrics such as the time it takes for a new employee to achieve expected levels of productivity, attrition rates, and rates of advancement.

Developing a customized approach to hiring hidden workers

Shifting the justification for hiring hidden workers from corporate social responsibility (CSR) to ROI. A company that relegates a group of workers to a special recruiting status is not only acknowledging that its routine recruiting processes are failing to access that population, but also that the ordinary metrics by which candidates are being assessed are being waived. That undermines the legitimacy of the hidden workers' employment in the eyes of colleagues and could undermine the ability and confidence of those workers to perform to their full potential. It also ignores the experience of the many employers that have found employing hidden workers to be a means of alleviating skills shortages.

Targeting segment(s) of hidden workers best suited to the work of your organization. By focusing on specific sub-populations of hidden workers, companies can customize investment in training and accommodations to maximize the rate at which newly hired hidden workers become productive. It also allows recruiters, human resources professionals, supervisors, and co-workers to become familiar with these workers' needs.

Additionally, by concentrating on a few segments, companies can more easily invest in developing relationships with skills providers, educators, social entrepreneurs, and other social agencies with knowledge and supportive programming tailored to those groups. They will also be better positioned to address any legal, administrative, or regulatory issues related to employing individuals from that category of hidden workers.

Adopting a customer-experience mindset in designing recruitment and onboarding processes. Most hidden workers (84%) told us they find the application phase difficult. To remediate this problem, companies can apply a user experience (UX) lens to redesign the

application process to ensure that the skills and credentials requirements are accessible at the beginning of the process and that the timetable and criteria for decision making is clear. Companies should also broaden their selection of skills providers to include those that hidden workers frequent. For example, 35% of middle-skills hidden workers report that job centers are their primary channel for seeking work, but only 26% of employers prioritize them.

Laying the groundwork with the workforce. Mounting a sustained commitment to engaging hidden workers requires preparing the organization to integrate them. To that end, companies should ensure that the incumbent workforce understands the underlying business case. They should also help employees—and in particular immediate managers and colleagues—better understand the circumstances faced by former hidden workers. Ongoing efforts in CSR can help provide a bridge to a strategic approach to hiring hidden workers. Previous CSR efforts might have targeted relevant worker segments. The stories of employees who were once a member of a hidden worker group can also help introduce hidden workers to the workplace.

Enlisting a senior leader to champion, direct, and monitor the evolution of hiring and onboarding practices. Hiring hidden workers is a strategic response for addressing a pressing challenge—filling the ever-widening skills gap. Making hidden workers integral to a company's talent management strategy by reforming the relevant human resource policies will require ongoing sponsorship and oversight.

A clear need for immediate action

Companies are confronting the need to reconfigure their organizations to reflect changing competitive threats, worker interests, and societal and environmental imperatives. Addressing the skills gap is essential to mounting an effective response. Widening the aperture through which companies view talent to include hidden workers and removing the barriers that have contributed to their marginalization will not only advance employers' interests, but those of the communities they serve.

Leaders can leverage technology to help enable culture change and adopt new ways of working. With active management of what goes into our systems solutions, leaders can monitor for and address bias, manage performance, and scale for adoption. While technology is important, it is the active management of leaders, enabled by technology, data, and digital nudges that change outcomes. They can foster a culture of inclusive hiring practices that enable them to access the broadest skilled talent pools.

We cannot envision a more timely, more compelling call to action.

The struggle to find talent

In simpler times, a shortage of talent was a sign of prosperity. During economic expansions companies would hire, the talent pool would shrink, and unemployment rates would fall. When the tide turned, companies would "right-size," shedding the workforce they no longer needed. Sooner or later, the next recovery would unfold. Companies would begin to rehire, and the displaced would gradually get reabsorbed into the workforce. Policymakers, executives, and economists routinely predicted a rhythmic cadence to the matching of demand and the supply of talent.

But that stasis has evaporated. Since the 1990s, the U.S. labor market recovery following each downturn has proven less buoyant.[1] Similar data for the U.K. and Germany reveal that the two economies also struggled to recover after the 2001 and 2008 recessions, although not to the same extent as the U.S.[2] Well before the Great Recession and well after the onset of Covid-19, significant structural issues created imbalances in labor markets across the developed world. With each cycle, an increasing percentage of working-age adults remain outside of the workforce.

In the recovery phase of each downturn, those newly isolated workers have faced serious consequences. Extended gaps appear in their employment histories. With each passing month, they risk falling further behind in maintaining the skills employers want. More job postings become harder to fill as the supply of workers—at least those perceived by recruiters as possessing up-to-date skills—shrinks.

That shortage is exacerbated by the accelerated deployment of technology within the employer's operations. Employers look to automation to broaden the search for potential candidates and to add diversity to the candidate pool. The process generates a large number of applicants that then have to be whittled down to a manageable pool deserving of consideration.* Applicants who are not currently employed are unlikely to have mastered such new technologies—a shortcoming online recruiting platforms are designed to detect in evaluating applicants. More aspiring workers judge themselves to be unqualified to apply for open jobs that require those skills and recent work experience.[3]

These discontinuities in the labor market start to compound. Companies find fewer people with the right skills, in the numbers they want, at the time they want them. In response, they deploy still more technology that allows them to reduce their dependence on workers that are increasingly hard to find. Even though online platforms expand access to opportunities for job seekers, they make it harder for workers who do not closely match the requirements instantiated in those job descriptions. Millions of workers, at all skill levels, can't find the work they want, for the hours they want to work, for positions that they are deemed qualified for by that technology. Considered to be less qualified when assessed relative to candidates who fit the hiring company's criteria more exactly, such applicants were "not visible" to recruiters.

The cycle builds on itself. The result of the confluence of these factors is a unique labor-market phenomenon: the creation of millions of "hidden workers." (See sidebar.)

This emerging dynamic inflicts a heavy price on employers and aspiring workers alike. When companies can't find people with the skills they need, their competitiveness and growth prospects are put at risk. Meanwhile, many job seekers with the experience and skills sought by employers remain unable to join the workforce. Others are forced to settle for part-time work because they lack the specific combination of credentials put forth in job descriptions. Some persevere in applying for work; others after repeated rejection, get discouraged and drop out of the workforce altogether.

This growing disconnect pre-dates Covid. In February 2020, just before Covid-19 triggered global lockdowns, employers struggled to fill positions as the economy approached "full employment."[4] The number of unemployed persons per job posting in the United States stood at 0.8,[5] with 7 million positions open in the U.S.,[6] while 5.8 million people remained unemployed, and an equal number were underemployed.[7] In the United Kingdom, there were 721,000 job vacancies during the December 2019–February 2020 period,[8] during which there were 1.4 million unemployed people.[9] Similarly, there were 712,000 job vacancies in Germany in February 2020, while 2.3 million people were unemployed.[10]

*For the sake of clarity, in this paper, we will use the term "applicant" to refer to an individual who seeks a position and the term "candidate" to refer to an individual who a company actively considers for that position.

Defining the "hidden worker"

In coining the term "hidden worker," we wanted to devise a concept that reflected the effects that companies' policies, practices, and deployment of technology have on their capacity to identify and access various pools of talent. These measures serve to occlude a variety of categories of workers from consideration as candidates for positions. A highly diverse group of workers—ranging from those who are neither in employment nor in education, to caregivers, to veterans, to those with disabilities—share one thing in common. They are widely excluded from consideration for employment by many employers. While that does not reflect any intention on the part of employers, the systems effect of the evolution of the hiring process is to hide large pools of talent from employers.

The term "hidden worker" in this paper is not intended to suggest in any way that workers are hiding and wish to or actively seek to remain excluded from consideration for employment. Far from it. Our analysis indicates many such workers want to work and are actively seeking work. They experience distress and discouragement when their regular efforts to seek employment consistently fail due to hiring processes that focus on what they don't have (such as credentials) rather than the value they can bring (such as capabilities.)

Even at the height of Covid-19, when the number of unemployed rose sharply due to widespread furloughs and layoffs, many sectors suffered from a marked shortage of essential workers. Large employers in healthcare, warehousing, and distribution began hiring by the thousands. Small companies offering services like cleaning, tutoring, gardening supplies, and even behavioral health saw a sharp increase in customer demand, requiring more urgent hires.[11] The sudden shift to remote work triggered hundreds of openings in technology- and automation-related jobs. In the U.K., for example, more than 100,000 new technology-related jobs have been created since the start of the pandemic.[12]

By March 2021, the number of unemployed persons per job opening in the U.S. was down to 1.2, equivalent to May 2017.[13] By May 2021, the U.S. unemployment rate declined to 5.8%.[14] With the economy reviving, the shortage of workers became acute. Fast-food restaurant chains and rideshare companies offered bonuses to lure workers and drivers back. Manufacturing and warehousing companies started paying workers daily, rather than once every two weeks, in order to keep operations running.[15] Many European countries also dealt with a worker shortage. German companies grappled with the effects of decreased migration due to border closures, 30% fewer international students at German universities, and a 9% decrease in vocational program signups over the past year.[16] A survey of 5,700 firms in the U.K. found that 70% of firms faced recruitment challenges.[17]

After years of tepid wage increases, average hourly pay across industries began increasing steadily throughout the summer of 2021. For instance, the average hourly earnings in the retail industry in the U.S. was $20.64 in June 2020 and increased to $21.92 by June 2021.[18] In the U.K., average weekly earnings for the period of March–May 2021 rose by 7.3% over the previous year.[19] Unlike the post-Great Recession recovery, in which employers up-credentialed—asking for candidates with greater qualifications in job postings than those held by current occupants of the same job—employers lowered credential requirements post-Covid. In March 2021, Burning Glass estimated the number of job postings that said "no experience required" increased by two-thirds compared to 2019.[20]

Now, as a post-Covid normal starts to take hold, a paradox presents itself. A significant number of people who aspire to work or to work more hours remain out of or on the fringes of the labor market. As of June 2021, more than 10 million Americans suffer from long-term unemployment or express a desire to work but are not actively pursuing employment.[21] In the post-vaccination months of 2021, the "hidden worker" disconnect looms again once the V-shaped recovery is complete and the labor market returns to a state approaching equilibrium.

Irrespective of market conditions, what causes workers to be consistently marginalized across supply and demand scenarios?

Forces reshaping the labor market

A 2018 study of millions of workers across 24 European countries noted a curious phenomenon. "A nontrivial share of those out of the labor force may be 'involuntarily inactive': they used to work but stopped as a result of economic (demand-side) factors, rather than because of a personal decision."[22] Since 1985, the report noted, their absence from the workforce was due to both "voluntary" choices—such as caregiving, studying, and retirement—and to "involuntary inactivity"—such as temporary contracts ending, dismissals, or more workers reporting illness and disability.[23]

What was underway? For the first time, perhaps since the Industrial Revolution, multiple fundamental forces were reshaping the nature of work in the developed world. The first of those was an unrelenting pace and extent of innovation. Waves of disruptive technologies—such as the internet, automation, smart devices, the Internet of Things, big data, artificial intelligence, machine learning, and robotics—were shifting the composition of work.[24] The very roles humans played in productive activity were being redefined. Those changes increased the demand for workers with specific skills sets, such as digital literacy and work-related social skills.

This phenomenon made it more difficult for aspiring workers to obtain the skills employers sought. The pace of change in occupations and their associated job descriptions outstripped the capacity of traditional skills providers—such as education systems and other workforce intermediaries—to adapt. As these changes compounded, they gravely hampered the average aspiring worker's ability to keep pace.[25] It became harder for workers to obtain relevant skills *unless they were employed.*

In parallel, significant demographic and social shifts were underway in many advanced economies. As birth rates declined, the absolute number of workers available stagnated.[26] Male workforce participation continued to ebb, offset in Germany and the U.K. by gradual increases in the rate of female workforce participation. Forward-thinking employers and policymakers gradually came to understand the implication—the productivity of workers would need to increase in order to sustain the future growth of firms and the economy more broadly.

That drive for productivity extended to employers' processes for attracting job applicants. As with so many processes, technology in the form of a Recruitment Management System (RMS) and an Applicant Tracking System (ATS) was deployed to maximize the efficiency of the hiring process.* These systems allowed recruiters to focus their attention only on the most qualified candidates—those who fit the criteria laid out in the job description. The direct cost and time to fill a vacancy could be minimized by eliminating marginally less qualified applicants from consideration by using artificial intelligence to filter the unsuitable and rank the remainder.

Any one of these changes was disruptive in its own right. But together, they combined to create a growing and dangerous dichotomy in the workforce. Applications from incumbent workers or those only briefly outside of employment were disproportionately likely to attract the attention of potential employers. Those applicants had the recent experience and exposure to state-of-the-art technologies and practices to fulfill the criteria permeating job postings. They were "visible" for consideration by recruiters. But another population also emerged, a population of aspiring workers who, because they were out of the workforce, were deemed by the technology-powered hiring process to be unqualified—and, therefore, "hidden" from consideration.

In 2019, Accenture and Harvard Business School's Project on Managing the Future of Work partnered to explore and understand the barriers that contributed to employers not considering a significant population of potential workers. At the core of our inquiry was a concern: Why were employers unable to connect with pools of talent—the long-term unemployed and underemployed—that were widely known to be available, despite being deeply concerned about the adequacy of the supply and quality of talent that was available to them? The first step was to understand how various forces have created untapped pools of talent that remain outside most employers' consideration set.

*An Applicant Tracking System (ATS) is a workflow-oriented software application that helps organizations manage and track the pipeline of applicants in each step of the recruiting process. A Recruiting Management or Marketing System (RMS) complements the ATS. The software tool supports recruiters in all activities related to marketing open positions, sourcing key talent, creating talent pools, and automating aspects of the recruiting process, such as automated candidate scoring and interview scheduling.

Demographic and societal displacement

Over the last three decades, many people have either voluntarily left the workforce or involuntarily been side-tracked from working full or part time. In many advanced countries, male labor force participation rates have been in decline for more than two decades. (See Figure 1.) Since 1985, although the rate of women participating in the workforce has increased in many countries, it was not enough to offset the decline in the large number of prime working-age males, especially those with less educa-tion.[27] As their traditional, often manual jobs disappeared, those workers saw less demand for their skills. Economies evolved, and new jobs emerged. Those new jobs often required qualifications that those workers did not have. Occupations that required the experience they possessed faded in number, and many abandoned the search for work.[28] Those that persevered found fewer opportunities that offered the income that they earned previously.[29]

Over the last few decades, the rising burden of care—both childcare and eldercare—has led people either to drop out of the workforce altogether or seek part-time work.[30] In the U.S., the impact of aging and care obligations has been sufficiently severe such that both male and female labor force participation has declined since 2000.[31] Social changes further exacerbated the issue of balancing family responsibilities with work responsibilities. In advanced countries, the increase in the number of single-parent families, as well as the large percentages of households in which both partners work outside the home,[32] significantly influenced who could work, when, and for how long.[33] Burdened by caregiving for younger children and aging parents, and compounded by the lack of caregiving infrastructure and the high cost of paying for care,[34] many millions of qualified workers were obliged to leave full-time work in order to address personal responsibilities.[35] Pre-Covid, an estimated 2.6 million workers in the U.K. quit their job to care for an older or disabled relative.[36] Similarly, a global survey of unpaid caregivers revealed that 12% of caregivers left their job due to caregiving responsibilities, and 21% reduced their working hours.[37]

Technological and automation dislocation

Within advanced countries, the rapid pace of automation and technological innovation contributed to the growth of many different hidden worker pools. Technology facili-tated globalization that allowed employers to engage in wage arbitrage. Perhaps more importantly, widespread automation across industries transformed the very nature of work across occupations. Routine and familiar tasks were replaced by a requirement for new skills, often digital or social in nature.

Figure 1: Declining male labor force participation in G7 countries

Male labor force participation rate for total population ages 15+ in G7 countries, 1990–2020
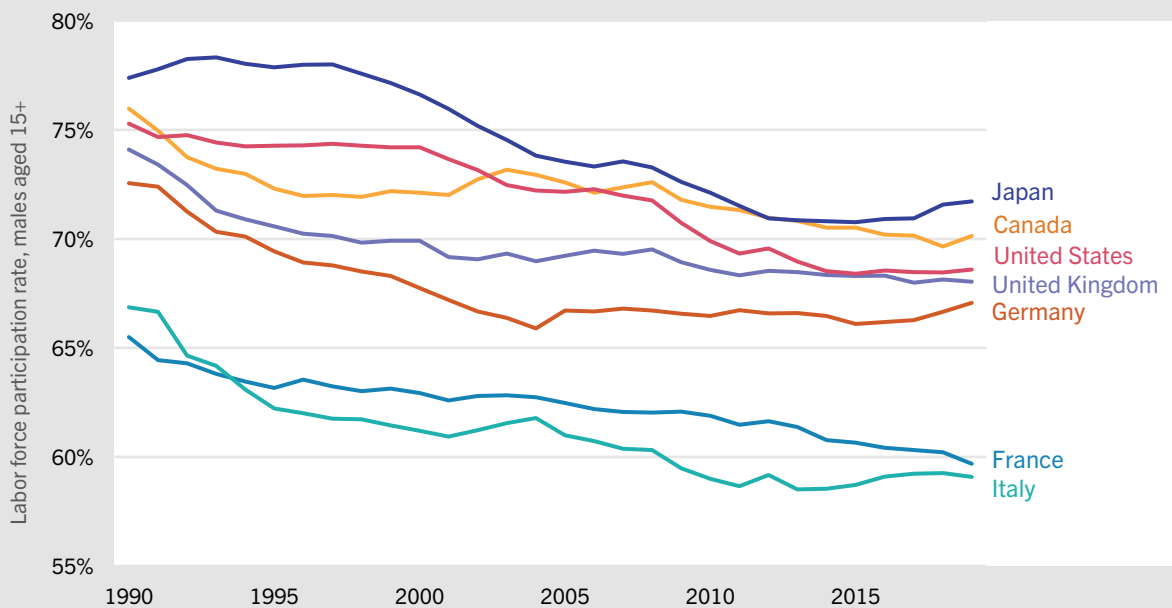
Source: Labor force participation rate, male (% of total population ages 15+) (modeled ILO estimate), International Labour Organization, ILOSTAT database.

Due to those well-documented changes, many millions of middle-skills workers[38] were displaced from their positions.[39] This is especially true of those who performed routine work, especially in certain sectors like manufacturing, mining, and utilities, as well as those working in administrative functions in large enterprises.[40] Routine workers were not the only casualty. Cognitive and non-routine jobs also disappeared as entire industries underwent business transformation. For example, music stores employed more than 141,000 people in 2000 but saw a 72% drop in employment by 2017.[41] In less than two decades, employment shrunk by more than 50% in the United States in industries as diverse as aerospace manufacturing, computer manufacturing, textiles, newspaper publishing, and foundries.[42] That disappearance left tens of thousands of workers whose specialized skills were largely irrelevant to employers looking to hire. One of the consequences of this displacement was a dramatic increase in the prevalence of temporary, contractual, and part-time work.[43] Between 2005 and 2015, such alternative work arrangements rose from 10.7% of the U.S. workforce to 15.8%.[44]

In the past, displaced workers could often retrain in order to find employment in new emerging sectors or in occupations in industries adjacent to their previous employer's. In recent decades, that has become less the case. As companies automated processes, the hundreds of jobs lost would be offset by a smaller number of new jobs that were created. Those new jobs required different skills and credentials. The result was twofold: one, a surfeit of workers whose skills and work experience qualified them for positions that were declining in number, and two, a steady increase in demand for skills that incumbent workers lacked and the skills development system was ill-equipped to support. A survey of small and midsize enterprises in Germany found that 78% of those enterprises required digital skills, but one-third were unable to meet their digital skills demand.[45] Importantly, demand for digital skills in Germany spans all skill levels. Of the middle-skills job postings in Germany from 2014–2018, 79.5% of the postings were for occupations requiring digital skills; similarly, of the high-skills job postings in Germany during the same time period, 94.4% were for occupations requiring digital skills.[46]

Unlike occupations requiring a narrow set of precisely defined skills—like a carpenter or a glazier—many emerging jobs were hybrids—those requiring skills and credentials drawn from historically distinct occupations.[47] Often, these new skills related to aptitude in using digital technologies, ranging from data analytics to numerical control devices. The requirements for graphic designer positions, for example, changed dramatically between 1990 and 2020. Today graphic designers are required to excel not just in design, but also be adept at programming, branding, and CAD/CAM.[48] B2B sales positions now require facility with tools like Salesforce.com and the ability to use digital devices to enter orders, track inventory, and check order status. In recent years, hybridization has accelerated markedly. Employer demand for hybrid skills has affected nearly 25% of all occupations in the U.S.[49] One in eight job postings asks for skills that were previously associated with other occupations.[50] Specialized skills such as digital marketing and human computer interaction will increasingly be in demand for multiple occupations around the world.[51] Each new layer of additional skills gets added to the older description of a job, placing it further out of the reach of those who once worked in that occupation.

The economy's cyclical ups and downs compound those problems. The large swath of layoffs that accompany recessions adds to the ranks of the unemployed, putting them in competition for positions with those previously displaced by automation and offshoring. When the economy recovers, finding reemployment becomes harder in light of changing job requirements and the larger pool of candidates. In the wake of the Great Recession, for example, it took nearly a decade for the ratio of unemployed people to job openings to return to 2008 levels. (See Figure 2.)

As the pace of change in the composition of tasks accelerates, the qualifications of those outside the workforce becomes *less relevant more rapidly* than in the past. Employers seeking workers fitting their preferred profiles gravitate to workers currently in the role or in one related to it. Those workers are more likely to have exposure to state-of-the-art technology and to have enjoyed employer-provided, vendor-supported training to build their skills. Employed workers thus gain an additional and increasingly large edge over those not employed. The latter struggle to know what skills to acquire, how and where to acquire them, and how to overcome their lack of financial resources and time to do so.[52] The recently and, more especially, the longer-term unemployed have no ready mechanism to obtain the new high-demand skills.

Employers experience this phenomenon as a talent shortage. The limited candidate pool and the longer time required to fill high-demand positions encourages them to look for alternative means to fulfill their skills requirements. Perversely, that often leads them to consider still more labor-saving technologies, requiring even higher-order skills that still fewer unemployed and underemployed workers possess. Consider the evolution of automation in manufacturing. In the 1960s, the shop-floor consisted of numerically controlled machines run by machinists. By the 1980s, as companies resorted

Figure 2: Job seekers took longer to find employment after the Great Recession
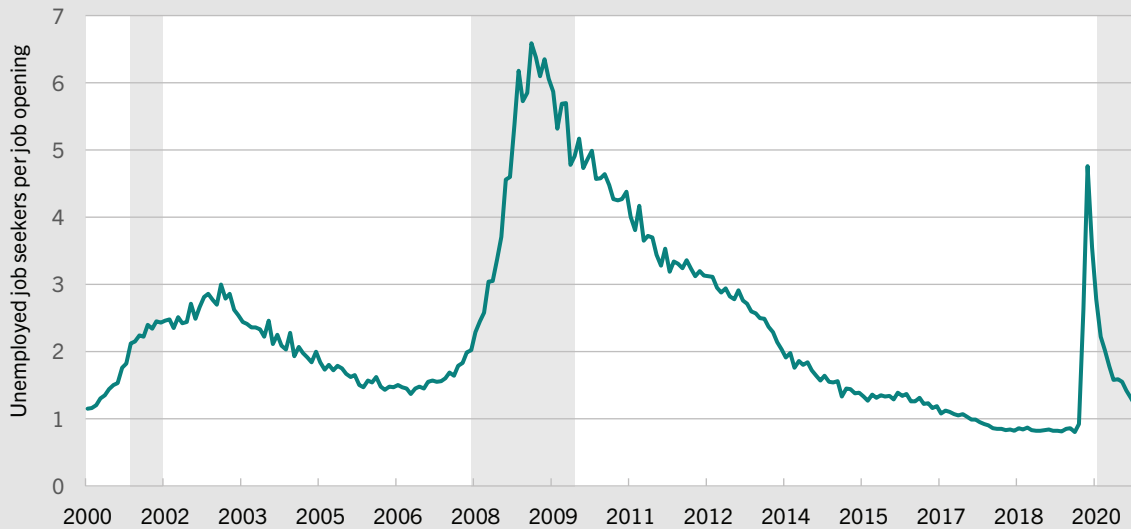
Note: Shaded areas denote recessions. Unemployment levels represent the average of the unemployment level for the current month and the subsequent month in the Current Population Survey to better line up with the job openings data from the Job Openings and Labor Turnover Survey.

Source: Adapted from: Elise Gould, "Job openings surged in March as the economy continues to recover from the pandemic," May 11, 2021, Economic Policy Institute, https://www.epi.org/indicators/jolts/; Data comes from EPI analysis of Bureau of Labor Statistics, Job Openings and Labor Turnover Survey and Current Population Survey.

to offshoring or outsourcing, many machinists left the workforce. The new manufacturing facilities responded to a perceived lack of skilled machinists by relying on automation: The machine and associated transfer equipment were increasingly computer controlled. That further distanced experienced machinists from the evolving job requirements.[53] Now investment has reduced the required amount of human intervention at the machine-station hugely—but demand for humans with the more sophisticated skills to program or maintain numerically controlled machines and robots has surged. A perfectly sensible response to the skills shortage *by employers* contributes to heightening the skills shortage *for employers*.

That phenomenon is likely to continue. Recent Accenture research finds that 63% of executives report the pace of digital transformation for their organization is accelerating—and 80% believe it is taking place at an unprecedented speed and scale.[54] In the wake of Covid-19, with concerns for safety, social distancing, and the higher cost of protecting workers, evidence is gathering that employers are all the more inclined to employ automation to reduce manpower intensity in the future.[55]

Automation of the hiring process

In the 1980s and 1990s, technological change also began transforming the way companies searched for and selected talent. New labor laws around discrimination, safety, retirement benefits, and taxation increased the administrative burden on companies, just as computer technology became cheaper and more accessible to companies.[56] The emergence of the World Wide Web led to the creation of new service providers that deployed technology to help their customers—employers—to navigate those new requirements and tap the internet to access a much larger number of applicants. Old-fashioned approaches to recruiting, such as relying on personal references and face-to-face interviews, declined. Online applications systems resulted in a deluge of applicants.

A 2001 survey of HR managers who were members of the Society for Human Resource Management (SHRM) ranked process efficiency as the most important reason for companies deploying technology-based tools in hiring.[57] They also indicated that they expected to increase their reliance on technology, such as "an increase in computer-based keyword searches of

resumes, computer-based scoring of standardized applications, tests (such as cognitive ability tests), telephone IVR (interactive voice response) systems, and videoconferencing"—for recruiting all types of positions in the company, middle skills as well as high skills.[58] Technology, HR managers believed, would reduce costs, increase efficiency, and ensure more equity and diversity in applicants, while simultaneously addressing the burgeoning number of applicants.

By the early 2010s, the average job posting yielded almost 120 applicants.[59] By the end of the decade, jobs posted by corporations received an average of 250 applications.[60] That surge in applications further served to confirm employers' hypothesis that technology would help ensure their access to a large, vibrant, and diverse pool of candidates. HR managers, drowning in the new flood of applications unleashed by the growth of web-based offers ranging from Indeed to LinkedIn, began looking for solutions. Unsurprisingly, they began turning to even more technology to winnow applicants.

Over the intervening years, automation has come to pervade almost every step in the recruiting process: applicant tracking systems, candidate relationship management, scheduling, background checks, sourcing candidates, and assessments.[61] The global recruitment technology market had grown to $1.75 billion by 2017 and is expected to nearly double, to $3.1 billion, by 2025.[62] Recruitment software platforms have evolved their capabilities in response to their clients' requests for increased efficiency, offering companies automated services such as standardized templates for job descriptions and artificial intelligence analytics to assess and screen candidates and to rank those that pass through the initial screening. All this promised to lead to an ever-increasing precision in identifying candidates who match the requirements of the position to the greatest degree possible.[63]

The implied promise of those technologies was that they could sift through a mass of applications and identify only that small percentage of candidates who most closely fit a job's specified requirements. With 250 applicants on average applying for corporate positions, companies sought to winnow down the pool of candidates to a manageable number. Companies typically interviewed four to six candidates.[64]

Companies chose to install and expand their reliance on such automated systems with clear-eyed, hard-nosed business logic. And the technologies have yielded some real benefits for employers. The irony, however, is they have simultaneously exacerbated the very talent shortage they were intended to address. Ostensibly, automating hiring practices was supposed to reduce costs and ensure that companies found the talent to meet their current and future needs, while increasing diversity. But our research strongly suggests that the quest for efficiency in the hiring process has caused firms to narrow the pool of applicants they consider so severely as to exclude qualified workers.

Through their reliance on an automated hiring process, companies regularly eliminate all but those candidates who most closely match the job requirements specified. Others are excluded from the process, however marginal their deficiencies. Workers lacking a "nice to have" secondary qualification, who fail to meet some inferential proxy the employer relies on to weigh the relative merits of candidates, or who describe some skills or experience using language that differs from that utilized in the job description are dropped from consideration in the service of maximizing efficiency. Those workers are thus hidden from consideration by the design and implementation of the very processes that were meant to maximize a company's access to qualified and available talent.

Shining a light on hidden workers

To understand the hidden worker phenomenon better, we undertook an extensive literature search that canvassed the complex web of issues associated with unemployment and underemployment and the various disciplines that research them. In those efforts, we reviewed a host of resources from academia, think tanks, consulting firms, not-for-profit stakeholders, corporations, and business media. As patterns began to emerge, we developed personae or avatars of different types of hidden workers—to help define the various factors or attributes that might cause people to become hidden from the view of prospective employers. Eventually, we settled on the following specific categories, several of which may apply to any given hidden worker at various times in their working lives:

- Carers of children
- Carers of adults/older people
- Veterans
- Refugees/asylum seekers
- Immigrants
- People from less advantaged backgrounds (e.g., low-income households, from care homes, or those whose parents are not employed)
- People with mental health challenges
- People with developmental/neurodiversity challenges
- People with a physical disability
- People with a history of substance/alcohol abuse
- People who were previously incarcerated
- Retirees/post-working-age population who could work
- Young people not in education, employment, or training (NEETs)
- Relocating partners and spouses (move to new city/new country)
- People with health problems (temporary, chronic/long-term illness)
- People without traditional qualifications
- People without degrees/advanced degrees
- People without a history of employment
- Long-term unemployed

To add richness to our understanding, we conducted extensive ethnographic video interviews with 125 hidden workers across five advanced nations: France, Germany, Japan, the United Kingdom, and the United States. Specifically, we inquired about their career histories to understand the factors that resulted in their being out of the workforce, the barriers they experienced when they tried to re-enter the workforce, and finally, any breakthroughs that allowed them to re-enter the labor force.

Each individual's story was unique—but poignantly, all had a common thread. As could be expected, our interviewees equated work with dignity. For most people, being out of work did not just inflict financial hardship, it often cut much deeper, resulting in emotional suffering. It led to a lack of confidence, an absence of meaning in life, and an undermining of identity. Despite that real damage, it was impressive to see the resilience and resolve in those hidden workers. Many were undeterred by multiple rejections. Far from giving up, a majority—even among the long-term unemployed—remained hopeful. They sought that one breakthrough that could help them re-join the workforce, prove their worth, and regain their standing in society. Hearing their stories, we were all the more motivated to find ways to connect hidden workers, with all their potential, to employers seeking talent.

Hidden workers tended to fall into one of three employment narratives. They were either: 1) "**missing hours**" (people who are working one or more part-time jobs, but could or would like to work full time); 2) "**missing from work**" (those who have been unemployed for a long time but are still seeking employment); or 3) "**missing from the workforce**" (those who are currently not working and are not actively seeking employment, but who could be convinced to seek work if they believed the right circumstances could present themselves). We applied this simple classification to the U.S. labor market.[65] (For the hidden worker model details and methodology, see Appendix I.) Our estimate is that currently more than 27 million people fall into the category of hidden workers in the U.S. (See Figure 3.) The sheer magnitude of the hidden worker population reveals the potential impact that their substantial re-absorption into the workforce would have.

This number is quite different from the technical definition of the unemployed used by the Bureau of Labor Statistics. By that definition: "People are classified as unemployed if they do not have a job, have actively

Figure 3: Composition of the U.S. hidden workforce, March 2020

There are 27 million hidden workers in the U.S. workforce. 63% are "missing hours," 33% are "missing from the workforce," and 4% are "missing from work."

12%	31%	57%
Inactive retired	Inactive others	Want to work

Missing from workforce 33%

Hidden workers
27.4 M

Missing hours 63%

4% **Missing from work**

Economic reasons	Non-economic reasons		
34%	10%	6%	50%

Child/family care — Health/retired — Others

38%	62%
Long-term unemployment	Very long-term unemployment

Carers of children

Carers of adults/older people

Veterans

Refugees/asylum seekers

Immigrants

People from less advantaged backgrounds (e.g., low-income households, from care homes, those whose parents are not employed)

People with mental health challenges

People with developmental/ neurodiversity challenges

People with a physical disability

People with history of substance/ alcohol abuse

People who were previously incarcerated

Retirees/post-working age population who could work

Young people not in education, employment or training (NEETs)

Relocating partners and spouses (move to new city/new country)

People with health problems (temporary, chronic/long-term illness)

People without traditional qualifications

People without degrees/ advanced degrees

People without a history of employment

Long-term unemployed

Note: The "missing hours" group consists of people who are working one or more part-time jobs, but could or would like to work full-time; the "missing from work" group consists of those who have been unemployed for a long time but are still seeking employment; the "missing from the workforce" group consists of those who are currently not working and are not actively seeking employment, but who could be working under the right circumstances.

Source: Accenture Research based on IPUMS CPS data from March 2020 combined with economic modeling results (based on data for 2015–2020).

looked for work in the prior four weeks, and are currently available for work. Actively looking for work may consist of any of the following activities:

- Contacting:
  - an employer directly or having a job interview
  - a public or private employment agency
  - friends or relatives
  - a school or university employment center
- Submitting resumes or filling out applications
- Placing or answering job advertisements
- Checking union or professional registers
- Some other means of active job search[66]"

By the BLS's definition, the number of unemployed people in the U.S. economy in February 2020—the last month before the impact of Covid-19—was just 5.8 million.[67] In June 2021, that number stood at 9.5 million.[68]

Understanding the hidden worker paradox requires understanding employers' perspectives. To do so, we surveyed 2,275 executives, reaching out to a minimum of 750 executives in each of these three countries: the United States, the United Kingdom, and Germany. In addition to the survey, we interviewed companies to understand their success and challenges in hiring different types of hidden workers. To juxtapose employer beliefs against the actual experience of potential workers, we surveyed 8,720 hidden workers across the same three countries. We split the survey between two populations. One group consisted of 4,250 workers, those who *currently* fall under our definition of hidden workers. Canvassing those workers helped us understand the extent of their interest in returning to the workforce and the barriers they face in trying to accomplish that goal. The second group consisted of 4,470 of those who were *previously* hidden workers, but who are now working. We wanted to learn from them which barriers they found the hardest to overcome, how they overcame them, and what they believed would improve the chances of other hidden workers to follow in their paths. (For methodology details on both surveys, see Appendix I.)

The executive surveys were conducted between January and February 2020—just before Covid became widely prevalent and before the three economies in question entered into varying states of lockdown. We deliberately delayed conducting the worker surveys, revising our initial survey design to ensure the worker answers were neutral regarding Covid-19's impact on their employment or unemployment status. (For country-level analysis of survey data—both the employer survey as well as the worker survey—see Appendix II.) We also added a discrete section on the impact of Covid on those workers. (For survey data on the impact of Covid on hidden workers, see Appendix III.) The worker survey was eventually conducted when the full impact of pandemic shutdowns was being felt across the globe: between May and June 2020. A brief overview of the survey results was published in December 2020, in an online article at *Harvard Business Review* titled "How Businesses Can Find 'Hidden Workers.'"[69]

Hiring hidden workers: perspectives, paradoxes, and potential

The Covid-19 pandemic has exacerbated the shortage of workers, at least temporarily. Many more people have taken early retirement, draining the economy of talent.[70] That was particularly true for workers from the lowest-income tercile.[71] The absence of caregivers has prevented many others from coming back to work.[72] Women were affected disproportionately: By February 2021, 2.5 million women dropped out of the U.S. working population, compared to 1.8 million men.[73] The U.K. labor market faces a 6.2 million "Covid employment gap."[74] In Germany, by January 2021, 3.6 million people had moved from full-time work to short-time work, meaning reduced working hours.[75]

Historically, people were willing to settle for jobs below their expectations in order to secure income security and, in the United States access to healthcare, or in Germany access to *bildungsurlaub* (paid education leave). Covid changed that calculus. As of mid-2021, many workers appeared reluctant to risk accepting good jobs, let alone the many lower-wage service-industry jobs that are proving difficult to fill. That ongoing shortage of appli-cants may frustrate employers, motivating them to invest in further automation rather than stake their futures on the hope that workers will opt to return in substantial numbers soon. According to our survey, hidden workers in all three countries feared that the pandemic would drastically shrink the pool of jobs available to them.

Perhaps the bleakest finding on the impact of Covid-19 on hidden workers was their response as to how Covid-19 affected their prospects for employment. It was to be expected that the prospects for hidden workers would worsen, as they did for many other classes of workers. However, for many workers, finding work before the pandemic was as challenging as finding work during the pandemic. Forty-one percent of hidden workers indicated that the pandemic had made it neither harder nor easier to find work opportunities. (See Figure 4A.) More than half (52% overall) of the hidden workers surveyed in each of the three countries believed that the barriers they faced finding work *before* Covid-19 were *as difficult as during the global pandemic.* (See Figure 4B.)

As nations and businesses resolve to "build back better" post-Covid, hidden workers will present an underutilized, valuable asset for filling the roles becoming available. Many have the skills and the experience employers greatly need. As our research will show, small shifts in employer practices can allow more hidden workers to take the critical step from rejected applicant to consid-ered candidate. Doing so requires mindful approaches and thoughtful investments by employers—more in time and effort than in actual dollars, pounds, or euros. Employers would have to revise processes, reallocate the hours of professional staff, and modify the configuration of various technologies. All those steps are eminently

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Figure 4: Finding work pre-pandemic was as challenging for hidden workers as during the pandemic

A. Has the pandemic made it:

54%	41%	6%
Harder to find work opportunities	Neither harder nor easier to find work opportunities	Easier to find work opportunities

B. Since the Covid-19 pandemic began, do you think the barriers you face with finding work/working more hours have become:

45%	52%	3%
More difficult	About the same	Less difficult
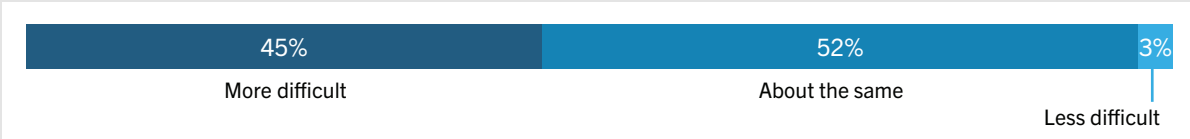
Note: Percentages may not sum to 100% due to rounding.

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

practical and within the management purview of most human resource functions. The more challenging task would be to change the mindset within the organization—ranging from the C-suite to junior recruiters—about talent and who is qualified to help advance their company's interests.

Would that require some unprecedented commitment? Hardly. Companies regularly make extraordinary efforts to revamp commercial supply chains in response to changes in market conditions or some unusual event. But few have extended fundamental principles of supply chain management—ranging from gathering data on supplier quality control to working with them to address persistent problems—to hiring talent.[76] In rebuilding their employment base in response to the distortions caused by Covid, employers have an opportunity to go further. They can address shortcomings in their approach to hiring that existed pre-Covid, allowing them to access the many millions of workers who want to work and have the skills employers need. Reaching into the large pool of hidden workers would allow them to diversify their talent sourcing. Developing talent management pipeline strategies to tap into those pools would allow companies to escape the trap of pursuing the unrealistically "perfect" candidate they have inadvertently created for themselves. Moreover, a concerted effort to cultivate those populations would allow them to build credibility with the hidden worker community, creating a permanent reservoir of talent.

Perspectives that need to change

Segmenting hidden workers

Hidden workers are not a homogenous group—but they are often treated as such. The statistics proffered by governments quantify large, undifferentiated populations defined almost exclusively by the frequency or recency of their engagement with the labor market. Such blunt, binary filters obscure the important distinctions between the various groups that comprise any country's hidden workers. For example, many hidden workers are not unemployed; they are underemployed, often in part-time work. Many have stopped looking for work, having become discouraged in the face of the seemingly insurmountable obstacles standing between them and work they are capable of doing in the right circumstances.

We found that most research on populations that could be defined as "hidden workers" rely on the definitions provided by governments. That makes perfect sense, since the data available for analysis is structured along those lines. Hence, the research approaches this population as a homogeneous group and, often, in rather

demoralizing terms: the long-term unemployed; the marginalized; and the discouraged. While such terms might make perfect sense from a policymaker or an economist's perspective, they represent attributions as to what keeps people *out of the workforce*, rather than focusing on what hidden workers can contribute *to the workforce*.

Closer scrutiny shows hidden workers fall into very distinct groups, each with very specific factors that resulted in them being unemployed or underemployed over time. The survey presented hidden workers with different barriers, clustered under nine categories. (See Figure 5A.) Workers then chose all the barriers that prevented them from joining the workforce or working more hours. The analysis shows that various types of hidden workers identify different barriers that they perceive contribute to their being relegated to unemployment or underemployment. (See Figure 5B.) For example, light blue bars suggest that various segments of hidden workers face different combinations of barriers. The one barrier that is most critical to each category of hidden worker type is highlighted in darker blue—it constitutes the singular issue that most inhibits a type of hidden worker from re-joining the workforce.

Grouping these very distinctive populations under a single umbrella obscures the specific challenges discrete types of hidden workers face. It also creates the impression that those problems are insurmountable, given the massive numbers involved when hidden workers are portrayed as a single, homogenous class. In contrast, when the data is segmented, plausible solutions emerge. Take the case of veterans, for example. While they are affected by some of the same barriers as other hidden workers, such as caregiving issues and health issues, the single largest barrier preventing their entering the civilian workforce is employer actions. By adopting hiring practices focused on creating more access for that segment, employers can substantially improve veterans' prospects. The success many companies have enjoyed by implementing programs targeting veterans testifies to the potential of tailored approaches for tapping into specific groups of hidden workers.[77]

Segmenting also helps in understanding which clusters of barriers constitute bottlenecks for large segments of the working-age population. Consider the extensive list of qualifications and skills that appear in so many job descriptions. They represent the biggest barriers for NEETs, those without a degree/advanced degree or other qualifications, immigrants, and those without a history of employment. Employers can contribute to closing those skills gaps by creating the right cross-sector collaborations with educators, especially for hard-to-find skills.

They can also help cultivate new pools of candidates through simple measures, like publicizing the credentials they recognize as qualifying an applicant for consideration and indicating from which local skills providers they recruit.

A conundrum that, in aggregate, appears daunting becomes addressable when reduced to its constituent parts. Even the largest businesses would shrink from the idea that they could address widespread long-term unemployment or underemployment unilaterally. Nor would they willingly accept sole responsibility for materially improving the circumstances of a meaningful percentage of the population as large as hidden workers. By discerning the very real differences that distinguish groups of hidden workers and segmenting them as any business would its consumer base, employers can make the challenge of including hidden workers in their talent strategies manageable. They can develop such a strategy by focusing on a single question: How can our organization address some of its chronic skills shortages by developing programs that tap into the supply of one or more segments of hidden workers?

Figure 5A: Barriers presented to hidden workers on why they cannot find work

Caregiving Frictions
- I can't find work that I can balance with my caregiving responsibilities
- My employer doesn't allow me to work more hours
- My employer doesn't allow me to work flexibly (e.g., flexible hours/remote working)
- Employers don't offer the right kind of benefits (e.g., paid leave)

Health Issues
- I can't find work that I can balance with my disability/mental health challenges
- I can't find work that I can balance with my health (e.g., chronic/long-term illness)

Employer Actions
- Employers don't make accommodations to the physical features of the workplace to suit my needs
- Employers don't provide the technology tools for me to do the job
- Employers are not willing to redesign the work to suit my needs (e.g., creating job sharing roles)
- Employers don't have policies and practices in place to support my needs (e.g., providing managers awareness/training to champion diverse talent)

Qualifications & Skills
- I lack the qualifications employers demand
- My qualifications aren't relevant to the industry I'd like to work in
- My qualifications aren't recognized in my host country
- I don't have the skills employers demand

Mindset
- I'm discouraged from looking for jobs
- I'm scared of failure

Wrong Fit
- I'm not the right fit for many organizations
- Language barriers
- Cultural/social barriers

Mismatch
- There are a lack of jobs in the industry I'd like to work in
- There are a lack of jobs in the area I live

Information & Resources
- I don't know how to find a job/where to look
- I don't have the time and/or money to invest in my own training
- My family won't support me in working

Government Policy
- There is a government policy that means I can't work/work more hours (e.g., limit on earnings before there are tax implications/mandatory retirement age etc.)

Figure 5B: Barriers that impact each type of hidden worker

Legend: ○ Barrier applies | ● Most important barrier

Type of hidden worker	Caregiving Frictions	Health Issues	Employer Actions	Qualifications and Skills	Mindset	Mismatch	Wrong Fit	Information and Resources	Government Policy
Young people not in education, employment, or training (NEETs)		○		●	○				
People without degrees/advanced degrees	○	○		●				○	
People without traditional qualifications		○		●					
People with health problems		●							
People with mental health problems		●		○	○				
People with developmental/neurodiversity challenges		○	●					○	
People with a physical disability		●		○	○		○		○
People with a history of substance/alcohol abuse		●		○	○				
Refugees/asylum seekers	○	●							
Immigrants	○			●			○		
Veterans	○		●						
Relocating partners and spouses						○			●
Carers of children	●								
Carers of adults/older people	●								○
People without a history of employment				●					
Long-term unemployed		●		○	○				
Retirees		●							●
People from less advantaged backgrounds		○		○					●

Note: The above is based on a likelihood model that each type of hidden worker would cite each barrier as being relevant. Background controls include age, gender, educational attainment, country, ethnicity, and household income. The light blue bars indicate that each type of hidden worker is likely to cite each barrier group as relevant, and the findings are statistically significant at the 5% level. The dark blue bars indicate the strongest relationship of barrier groupings for each hidden worker type.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

From economic policy to business action

As we searched the literature on unemployment and underemployment, we found most academic research focused on macro-economic analysis of two broad areas: quantifying the size and employment status of the overall labor pool and offering strategies for policymakers to increase labor force participation. What was conspicuously absent was any in-depth research into the role of employers—surely a key constituency—in bringing the unemployed and the underemployed into the workforce.

In this research effort, our goal is to understand how business can lead or, at the very least, be a partner in the process of bringing hidden workers back into the workforce. To understand this, we probed the frequency and nature of the interactions between employers and applicants from different segments of hidden workers. Our survey sought to capture data on how often people apply for jobs and how often it results in a job offer. (See Figure 6.)

The results reinforced that business practices contributed significantly to the magnitude and intractability of the marginalization of a large population of workers. Hiring practices threw up barriers that hid qualified talent and prevented such workers from entering the workforce. A large majority of hidden workers both want to find work and actively search for work. Those who self-identify as long-term unemployed are actually the most active of all hidden workers in seeking work. On average, they have applied for 44.2 positions in the past five years.[78]

The analysis reveals that hidden workers suffer from a dismal success rate in applying for jobs. For example, among those long-term unemployed who submitted applications for those 44.2 jobs, they received on average just 1.2 job offers. Those who did not have a four-year college degree or lacked experience fared poorly, too, with less than two job offers on average, in response to more than 20 applications.

No policy lever can mandate an improvement in the ratio of hidden workers progressing through the hiring process. No amount of corporate philanthropy can substantially alter the outcomes the current system yields across sectors, at scale. Changing this dismal record requires recognizing that factors intrinsic to the hiring process used by companies relegate hidden workers to the margins of the workforce. Fortunately, employers have a compelling impetus for revisiting those processes; by relying on them, they regularly cannot find the talent they need. That should incentivize executives to ask probing questions: Is the hiring process adding to the barriers that hidden workers face? What skills does a worker actually have to possess to do a specific job competently? Are our job descriptions actually reflective of those requirements? Which skills providers can equip aspiring workers with those skills?

Paradoxes that prevent hiring hidden workers

Technology that filters out, rather than includes

Powered by AI, machine learning, and natural language processing technologies, an automated Applicant Tracking System (ATS) is designed to identify a limited number of candidates who most closely match specified criteria for a given position. Perforce, they weed out the many credible candidates who the system judges as *marginally less qualified* than the candidates who advance in the process. Such an increasingly sophisticated Recruitment Management System (RMS) and ATS deliver exactly the outcomes they were engineered for: to minimize the time and costs recruiters spend in finding job candidates. They are not designed to widen the aperture for hiring; their purpose is to maximize the efficiency of the process.

Such systems are the foundation of the hiring process in a majority of organizations. Jobscan research found that 99% of Fortune 500 companies use an ATS.[79] Our employer survey confirmed that even midsize enterprises—those with between 50 and 999 employees—use such filtering technology quite extensively. Across the three countries we studied, approximately two-thirds of all employers surveyed (63%) reported that they use an RMS. For larger enterprises, with more than 1,000 workers, the percentage of employers using an RMS rose to 69%. In the U.S., the usage was most prevalent, with 75% of employers using these technologies, compared to just over half in Germany (54%) and the U.K. (58%). Furthermore, the survey revealed that more than 90% of employers used their RMS to *initially filter or rank* potential middle-skills (94%) and high-skills (92%) candidates.

These systems allow employers to indicate specific requirements, such as possessing a specific academic or professional credentials (e.g., a bachelor's degree, a professional license, or certification) to filter the applicant pool and reduce it. The remaining applicants are then ranked based on other attributes or preferences (e.g., a minimum period of experience or the presence of key words on their resume or in their application) to identify those who will be assessed as qualified candidates. Those criteria can be both "affirmative"—the candidate should have a specific skill or credential, for

Figure 6: Number of job applications and job offers for different types of hidden workers

How many jobs have you applied for in the past five years? Out of these jobs you applied to, roughly how many offered you a full-time job?

Legend:
- Average number of full-time job offers in the past five years
- Average number of jobs applied to in the past five years

Type of hidden worker

Type of hidden worker	Full-time job offers	Jobs applied to
I'm long-term unemployed	1.2	44.2
I suffer from health problems	1.6	32.5
I have a history of substance/alcohol abuse	2.1	28
I suffer from mental health challenges	1.7	27.4
I have a physical disability	1.5	25.1
I left school without traditional qualifications	2.4	24.6
I don't have a degree/advanced degree	1.8	22.4
I don't have a history of employment/relevant work experience	1.7	21.3
I am from a less advantaged background	2.1	20.8
I'm a trailing partner	2.6	16.6
I'm a young person not in education, employment, or training	1.9	16.4
I have caregiving responsibilities for children	1.9	16.3
I have caregiving responsibilities for adults	1.9	15.4
I'm retired	1.5	13.4
I'm an immigrant	2.1	12.5
I'm a refugee/asylum seeker	2.3	11.4
I'm a veteran	2.1	10.9
I have a developmental/neurodiversity disability	1.9	10.2

Number of offers/applications

Note: Only those who indicated that they have applied to any job in the last five years answered these questions. A "trailing partner" refers to someone who has changed locations because of their partner's work.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

example—and "negative"—a candidate's application and/or resume should not have a particular attribute. A common example of such a negative criterion is a criminal conviction. Many employers will not consider the application of a person who was previously incarcerated.

However, there are other, more subtle negative criteria, such as "continuity of employment" or presence of long chronological gaps in a resume. Almost half the companies surveyed weeded out resumes that present such a "work gap." If an applicant's work history has a gap of more than six months, the resume is automatically screened out by their RMS or ATS, based on that consideration alone. Our research indicated that employers believe applicants with more recent experience are more likely to have better professional skills. A recruiter will never see that candidate's application, even though it might fill all of the employer's requirements.

Such filters obviously cannot infer what caused such a gap to occur; they simply express an absolute preference for candidates with no such gaps. As a consequence, candidates who left the workforce for a period of more than six months for reasons such as a difficult pregnancy, the illness of a spouse or dependent, personal, physical, or mental health needs, or relocation due to a new posting of a military spouse, are eliminated from consideration. Such candidates would remain "hidden."

Another common filter is the requirement that candidates possess very specific credentials. While technology and healthcare job descriptions often stipulate that candidates possess specific credentials, the problem is more pervasive. Occupations such as social workers, counselors, construction workers, miners, and workers in farming and fishing industries require increasingly specific certifications and credentials to qualify as job applicants.[80] Such requirements winnow out applicants who have the right experience, but not the exact credential stipulated. A veteran, for example, may have skills required for a hard-to-fill position but not the specific civilian credentials on their resume. The AI at the front end of the RMS/ATS would disqualify such an applicant. The result: A potentially qualified candidate is "hidden" from the recruiter.

The executives surveyed in the three countries confirmed the pivotal role that the RMS and ATS play in determining which candidates emerge from applicant pools. Up to half of employers either ranked or filtered candidates on a range of criteria *during the initial screening process*. For example, 48% of employers filtered middle-skills candidates based on employment gaps of more than six months. (See Figure 7.) The use of such filters has a huge impact on employment outcomes. As many as 78% of

the business leaders we interviewed estimated that half or more of middle-skills candidates were eliminated by filtering, and 80% said that more than half of candidates for high-skilled positions were similarly disqualified.

Broader job requirements, shallower candidate pool

The more employers add requirements to job postings, the more they narrow the aperture on finding the talent they need. A majority (72%) of employers surveyed acknowledged that when creating a new job posting for middle-skills workers, they used the existing job posting or slightly modified it. Only 19% of employers significantly modified an existing job description template, and only 8% created a completely new job description for middle-skills workers. For high-skills workers, 38% of employers either used the same template or slightly modified it; 35% of employers significantly modified an existing job description template; and only 25% created a completely new job description.

The resulting aggregation of job requirements has perverse effects. Over time, these requirements come to resemble the rings on a tree trunk; new requirements are added to those accumulated over time. As the list of requirements and preferences gets longer, the number of applicants likely to qualify shrinks inevitably. The ATS takes on the attributes of a fine mesh, rather than a basic filter. Ironically, when employers bolt important new requirements onto their existing job descriptions, they risk excluding applicants with knowledge gained through deep experience derived from years of work, but lack one or more skills added only recently. Such practices are particularly harmful for middle-skills employees, since their job postings are most vulnerable to credential creep. As we noted in our previous report, *Dismissed by Degrees*, employers were inflicting a skills shortage on themselves by adding a four-year college degree requirement to middle-skills occupations—positions that were currently held by people who did not have a college degree.[81]

Ballooning job descriptions also affect the behavior of applicants. Complicated, lengthy job descriptions can discourage or intimidate potential applicants. For example, research indicates that women tend to apply only when they feel confident they meet all the criteria stipulated for a position, while men believe they are entitled to apply if they meet a mere 60% of the requirements.[82]

Our survey shows that employers are aware that their job descriptions embody unrealistic expectations. As employers reflected on their hiring experience during the bull market for labor between January 2017 and January 2020, 47% of business leaders reported that *only half*

Figure 7: Extensive use of criteria by employers to rank and filter job seekers

For each criteria listed below, please indicate if your organization's Recruitment Management System uses it to rank or filter out prospective candidates during the initial screening process.

Legend: Rank (gray) | Filter (orange)

Middle-skills candidates | **High-skills candidates**

Qualifications

Academic performance (e.g., level of attainment)
- Middle-skills: Filter 43%, Rank 45%
- High-skills: Filter 39%, Rank 51%

Professional/vocational credentials (e.g., welding certificate)
- Middle-skills: Filter 49%, Rank 36%
- High-skills: Filter 44%, Rank 43%

Skills (e.g., writing skills, C++ programming)
- Middle-skills: Filter 41%, Rank 38%
- High-skills: Filter 42%, Rank 41%

Employment history

Years of experience
- Middle-skills: Filter 41%, Rank 41%
- High-skills: Filter 39%, Rank 46%

Career progression (e.g., previous job titles and/or employers)
- Middle-skills: Filter 43%, Rank 38%
- High-skills: Filter 41%, Rank 43%

Employment gaps in resume (e.g., 7-month period without work)
- Middle-skills: Filter 48%, Rank 32%
- High-skills: Filter 43%, Rank 39%

Organizational fit

Working style (e.g., "I prefer to work by myself")
- Middle-skills: Filter 39%, Rank 40%
- High-skills: Filter 39%, Rank 44%

Referral from current or past employee
- Middle-skills: Filter 46%, Rank 35%
- High-skills: Filter 42%, Rank 40%

Assessment (e.g., basic maths, psychometric)
- Middle-skills: Filter 41%, Rank 38%
- High-skills: Filter 37%, Rank 44%

General background

Criminal record
- Middle-skills: Filter 45%, Rank 36%
- High-skills: Filter 43%, Rank 39%

Possession of government-issued identification (e.g., driver's license, social security number)
- Middle-skills: Filter 46%, Rank 35%
- High-skills: Filter 44%, Rank 38%

Work authorization/immigrant status
- Middle-skills: Filter 47%, Rank 37%
- High-skills: Filter 46%, Rank 38%

Percent of respondents selecting each criterion

Note: Only those who indicated that their organization uses a Recruitment Management System to initially rank or filter middle-skills or high-skills candidates were shown this question.

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

or fewer of their middle-skills hires met all of the jobs requirements listed in their job postings. For high-skills hires, only 21% of employers reported that *all* of their high-skills hires over the previous three years met all of the job requirements listed in their job postings.

Hidden workers sense that excessive job requirements serve to disqualify them from consideration for positions they believe they can hold. Workers believe a variety of criteria, ranging from hard variables, such as a minimum number of years of experience, to more subjective ones, such as "working style," play a significant role in preventing them from finding work or securing a more attractive position. (See Figure 8.)

Hidden workers believe strongly that, if employers simplified and clarified job descriptions, it would greatly improve their success rate in applying for work. They place the greatest emphasis on clarifying the nature of the job, such as aligning the job title to the job tasks (71%) and limiting the use of jargon (62%), and establishing reasonable requirements, such as limiting the skills (64%) and academic requirements to the essentials (61%). (See Figure 9.)

None of those actions are a small matter for companies to undertake. Meaningfully changing job descriptions would require far greater coordination between the hiring managers, who will supervise the newly hired worker(s), and the recruiting manager, who publishes job postings

Figure 8: Hidden workers cite the employer criteria that disqualifies them from finding work

When applying for a job, employers often ask for a list of essential and desired requirements. Which of the following criteria do you think stops you from finding work/working more hours?

Criteria

Criterion	Percent
Years of experience	36%
Employment gaps in resume (e.g., 7-month period without work)	30%
Academic performance (e.g., level of attainment)	29%
Professional/vocational credentials (e.g., welding certificate)	29%
Career progression (e.g., previous job titles and/or employers)	26%
Skills (e.g., writing skills, C++ programming)	22%
Referral from current or past employee	21%
Working style (e.g., 'I prefer to work by myself')	20%
Possession of government-issued identification (e.g., driver's license, social security number)	18%
Background checks	14%
Assessment (e.g., basic maths, psychometric)	13%
Work authorization/immigrant status	6%

Percent of respondents selecting each criterion

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 9: Employer actions that hidden workers cite as helpful in finding work

When creating job descriptions, which of the following actions by employers do you think would help you find a job?
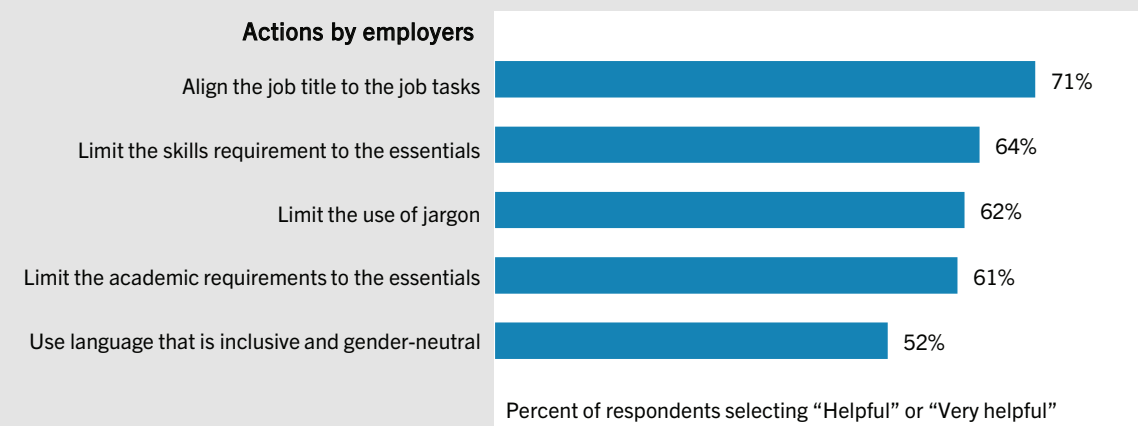
Actions by employers

Align the job title to the job tasks	71%
Limit the skills requirement to the essentials	64%
Limit the use of jargon	62%
Limit the academic requirements to the essentials	61%
Use language that is inclusive and gender-neutral	52%

Percent of respondents selecting "Helpful" or "Very helpful"

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

and oversees the application of the ATS. Managers have to be more precise on the must-have requirements to get a job done; recruiters have to be more disciplined in shaping and revising job descriptions. Both would have to be prepared to invest in more frequent, detailed dialogs about the changing nature of specific jobs. Such investments of time and effort would oblige employers to reverse their historical focus on how they run their recruiting processes in order to maximize cost efficiencies.

Traditional practices, non-traditional applicants

The current hiring system is broken. Applicants suspect it, but employers know it. Our employer survey indicated that a significant majority of employers acknowledged that their current processes excluded qualified workers from consideration. A significant majority—88%—of employers believed that *qualified* high-skills candidates were vetted out of the process because they did not match the exact criteria established by the job description. That number rose to 94% in the case of middle-skills workers. A clear indication of the internal contradictions that plague the system: Employers believe their filtering and ranking process to be even less effective than hidden workers do. (See Figure 10.)

Nor does the difficulty end when an aspiring hidden worker makes the rare transition from applicant to candidate. Only 20% of those surveyed reported ever making that transition. And their success rate in receiving a full-time job offer was low, hovering at around 7%. (See Figure 11.) For the subgroup of hidden workers who are "missing from work," only 4% received offers of full-time work.

For some employers, that data might reinforce their hiring predispositions: There are lots of unqualified people who apply; the organization should only focus its attention on candidates who meet all job requirements; and that "data confirms why we shouldn't waste our time trying to tap hidden worker talent pools." But such reactions confuse cause for effect. It's not that hidden workers have nothing to offer organizations, it's that most companies' hiring systems yield results as if they were designed to prevent hidden workers' applications from advancing. Just as organizations make choices about which customer segment they will target and then ensure that every touch-point in the customer relationship management system aligns with their strategy, in most companies, the entire hiring system is designed for "traditional" and "checks-all-boxes" hires.

Hidden workers learn that truth through bitter experience. A quarter (25%) of all the hidden workers reported that they are discouraged from looking for jobs, which further undermines their efforts to find employment. There are other system effects: 29% of hidden workers said that fear of failure inhibited their efforts. But above all, many hidden workers are daunted by the very first touchpoint with a company: the job application process. The survey revealed that, for high-skills workers especially, the job application process itself was a deterrent. (See Figure 12.)

Figure 10: Employers and hidden workers agree that employer hiring processes often filter out qualified candidates

Do you think employers' hiring processes filter out potential candidates who could successfully perform the job, but don't fit the exact criteria in the job description (e.g., lacks professional experience)?

Legend: ■ I don't know ■ No, never ■ Yes, sometimes ■ Yes, often ■ Yes, always

Middle skills

Employers: 27% | 36% | 32% — **94% Yes**

Workers: 33% | 35% | 19% — **87% Yes**

High skills

Employers: 28% | 34% | 26% — **88% Yes**

Workers: 29% | 36% | 27% — **92% Yes**
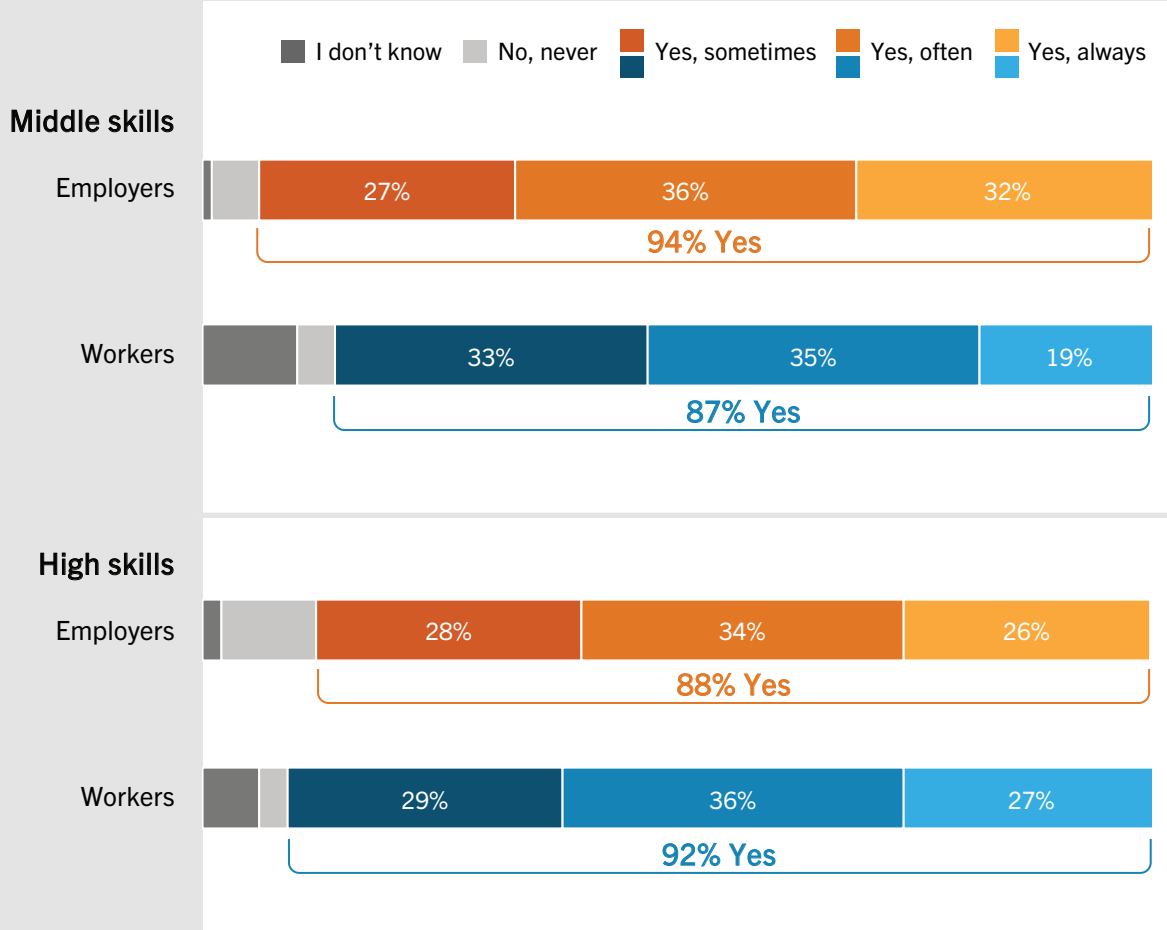
Note: Phrasing in the worker survey was: "Do you think employers' hiring processes discard your application when you could successfully perform the job, but don't fit the exact criteria in the job description? (e.g., you lack the number of years of professional experience)"; phrasing in the business survey was: "Do you think your organization's hiring system filters out potential low-and middle-skills hires or high skills hires who could successfully perform the job, but don't fit the exact criteria in the job description (e.g., lacks professional experience)?" Only those employers who indicated that their organization uses an RMS answered this question.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020. "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

Figure 11: Poor success rates of workers being invited for another round of evaluation and being offered a full-time job

How many jobs have you applied for in the past five years? Out of these jobs you applied to, roughly how many invited you for at least one further round of evaluation? Roughly how many offered you a full-time job?
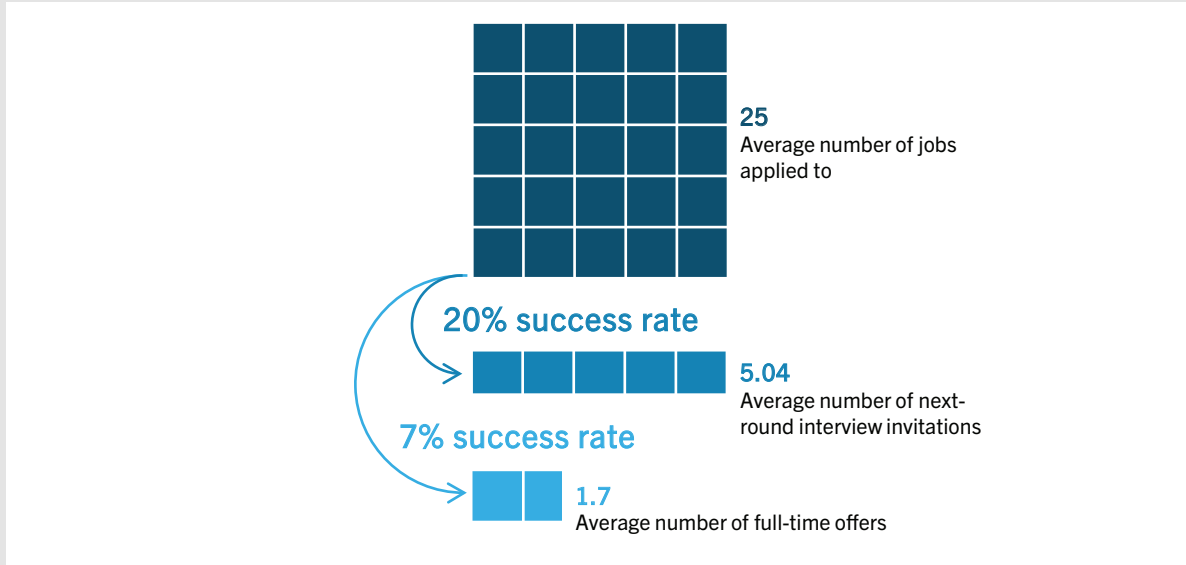
25
Average number of jobs applied to

20% success rate

5.04
Average number of next-round interview invitations

7% success rate

1.7
Average number of full-time offers

Note: Only those who indicated that they have applied to any job in the last five years answered these questions.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 12: Hidden workers are discouraged by the job application process

In your experience, has the job application process ever:
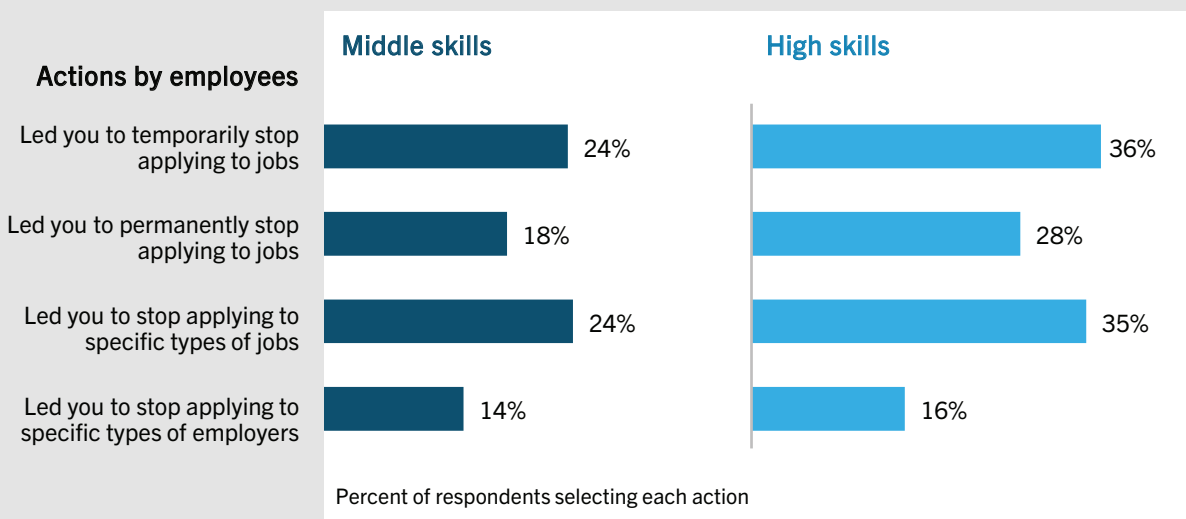
Actions by employees	Middle skills	High skills
Led you to temporarily stop applying to jobs	24%	36%
Led you to permanently stop applying to jobs	18%	28%
Led you to stop applying to specific types of jobs	24%	35%
Led you to stop applying to specific types of employers	14%	16%

Percent of respondents selecting each action

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Realizing the potential of hidden workers

Asset or liability?

Companies that don't hire hidden workers foresee only problems, while companies that do hire hidden workers recognize the risks, but also see the gains. Across the three countries, employers voiced concerns about the impact of relying on hidden workers to help staff their business operations: 40% said hiring hidden workers would make them less or significantly less competitive; 50% believed hiring hidden workers would make them more or significantly more exposed to risk; and 41% were convinced hiring hidden workers would add or significantly add to a negative financial return for their organization.

Executives from companies that *did* hire a substantial number of hidden workers reported these same beliefs about the risks of hiring hidden workers, but at the same time, they acknowledged the benefits that come with hiring these workers. Nearly two-thirds of all such business leaders reported that, once hired, previously hidden workers performed "better or significantly better" in six key areas that matter most to employers: attitude and work ethic, productivity, quality of work, employee engagement, attendance, and innovation. (See Figure 13.)

Contrary to popular perception that hiring hidden workers constitutes some form of compromise by the organization, 60% of experienced executives indicated that hidden workers cost the same or less to hire compared to traditional sources of talent.

Figure 13: Employers rate hidden worker performance higher than traditional talent

Relative to traditional sources of talent, how would you compare the performance of workers from untapped talent pools on the following factors?

Legend:
- Companies that **do not hire** hidden workers
- Companies that **hire few** hidden workers
- Companies that **hire many** hidden workers

Factor	Do not hire	Hire few	Hire many
Attitude and work ethic	33%	44%	61%
Productivity	30%	45%	60%
Quality of work	30%	41%	60%
Employee engagement	32%	43%	59%
Attendance	35%	44%	58%
Innovation	30%	40%	59%

Percent of respondents selecting that the performance of hidden workers is "Significantly better" or "Better" than traditional sources of talent

Note: "Companies that do not hire hidden workers" are companies who reported that they hired 0 hidden workers over the past year. "Companies that hire few hidden workers" are companies who reported that they hired between 1 and 10 hidden workers over the past year. "Companies that hire many hidden workers" are companies who reported that they hired more than 40 hidden workers over the past year.

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

The gains were not just recorded in recruiting, but also retention. The survey repeatedly confirmed that employers with programs for hidden workers found them to be more loyal—less likely to depart voluntarily, more engaged, etc.—than the general employee population. And those benefits are not insubstantial. In the U.K., one estimate found that it can cost more than £30,000 (more than $40,000) to replace a staff member due to hiring costs, onboarding, and training and loss of productivity.[83]

Strategy versus corporate social responsibility

Historically, companies viewed hiring disadvantaged workers as an act of philanthropy. Efforts were often administered by corporate foundations and were captured under the heading "corporate social responsibility." Those efforts are to be lauded and were implemented with noble intentions. But they contributed to the impression that engaging hidden workers is a decision taken for reasons other than clear-eyed business interests.

Companies that hire hidden workers in substantial numbers find they can both close critical skills gaps and improve the diversity of their workforce. Conducted in the months before Covid-19, the employer survey reconfirmed the pressure organizations were under to find talent. A significant majority of business leaders (69%) reported that the *quantity* of candidates was less or much less than what their organization needed to ensure the future success of their business. Furthermore, 67% believed that the *quality* of candidates is also less or much less than what they needed for their business to be successful. Many executives (64%) reported that the pace of recruiting workers was slower or much slower than what they needed. And 57% reported that the diversity of candidates was less or much less than what they needed.

Business leaders realize that they need to go beyond their traditional approaches for finding talent to address this challenge. In fact, the most common reason executives cited for hiring hidden workers was that it helped them close a skills gap. (See Figure 14.) The survey showed that

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Figure 14: Employer reasons for hiring hidden workers

What are the reasons your organization recruits from untapped talent pools?

Reasons for recruiting from untapped talent pools (ranked in top three)	United States	United Kingdom	Germany	Overall
To address our talent and skills shortages	28%	29%	31%	29%
It's the right thing to do (as a responsible business)	30%	26%	30%	29%
To drive innovative, diverse thinking	28%	28%	26%	27%
To increase our competitiveness	27%	24%	24%	25%
To improve relationships with local communities/ integrate the business in the community	26%	25%	20%	24%
To give back to the community (corporate philanthropy)	25%	24%	21%	23%
To optimize organizational (including financial) performance	26%	22%	20%	23%
To meet diversity quotas/targets set by our senior leadership	24%	24%	19%	22%
To enhance the image of our brand	20%	22%	22%	21%
To optimize payroll costs	20%	19%	21%	20%
For compliance reasons (e.g., we are required to by our clients/suppliers/local law)	23%	15%	16%	18%

Note: Only those who indicated that their organization targets at least one group of hidden worker answered this question. The percentages above represent the percent of survey respondents who ranked each reason in their top three reasons for why their organization recruits from untapped talent pools. "Overall" references the entire survey population.

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

companies hiring hidden workers were 36% less likely to face talent and skills shortages compared to companies that do not hire hidden workers. Furthermore, executives from companies that hired hidden workers reported their organizations are:

- 38% less likely to face challenges finding workers with the necessary experience
- 44% less likely to face challenges finding workers with the necessary skills
- 36% more likely to find candidates who have the right attitude/motivation
- 35% less likely to face challenges meeting diversity quotas

Investments in skills, not handouts

Hidden workers are not looking for sympathy or charity. These workers have a strong sense of agency. They understand they should work to improve their prospects of gaining attractive positions. Many hidden workers acknowledge the importance of updating and broadening their skills through steps like developing their digital skills (48%) and soft skills (43%). (See Figure 15A.) Unfortunately, many hidden workers lack the financial resources and the discretionary time to pursue upskilling. However, given the opportunity, almost two-thirds of hidden workers say they would enroll in employer-paid online/virtual training courses (64%), employer-paid re-skilling for in-demand jobs (62%), paid work experience/internship/work shadowing (62%), or employer-paid

Figure 15A: Actions taken by hidden workers to find employment

Have you taken any of the following actions to find paid employment?

Action taken by worker	Percent
Developed my digital skills	48%
Assessed my transferable skills (e.g., skills that can be taken from one industry to another)	46%
Developed my soft skills	43%
Obtained (more) technical qualifications	41%
Undertook work experience/internship/work shadowing (paid or unpaid)	40%
Got expert careers advice (e.g., help with resume writing, mock interviewing, etc.)	39%
Built my professional network	38%
Undertook an apprenticeship	35%
Changed personal image/appearance	35%
Learned about emerging technologies (AI, virtual/extended reality, cloud, blockchain, etc.)	34%
Changed home location (e.g., moved to a new city)	33%
Re-enrolled into education to attain (more) academic qualifications	32%
Undertook mentoring (paid or unpaid)	28%
Learned a new language	27%

Percent of respondents selecting each action

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

learning in a college/university environment (60%). (See Figure 15B.) Hidden workers who said that they would not sign up for training opportunities indicated the primary reason was a lack of financial resources.

Workers also indicated that they were uncertain as to what they should train for and where they should find the right training resources that employers respected. Only half of the middle-skills workers surveyed indicated that they knew what skills they needed to develop to boost their employability (54%) and how to access resources

to develop those skills (47%). (See Figure 16.) These are all constraints that employers could help address, but they remain largely unaddressed. In our previous survey conducted several years ago, of 11,000 middle-skills workers across 11 advanced and emerging economies, workers expressed great optimism and agency in wanting to embrace the future of work—but they identified the same list of constraints in trying to build a brighter future for themselves and their families.[84]

Figure 15B: Actions hidden workers would be willing to take to improve employability

Given the right support, would you be willing to participate in the following?

Action taken by worker

Action	Percent
Free online/virtual training courses	68%
Learning to use new technologies/digital tools	66%
Employer-paid online/virtual training courses	64%
Employer-paid re-skilling for in-demand jobs	62%
Paid work experience/internship/work shadowing	62%
Employer-paid learning in a college/university environment	60%
Mentoring/peer-to-peer coaching and support	55%
Self-paid learning in a college/university environment	49%
Self-paid online/virtual training courses	48%
Apprenticeships	46%
Unpaid work experience/internship/work shadowing	40%
Self-paid re-skilling for in-demand jobs	38%

Percent of respondents selecting each action

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 16: Many hidden workers do not know what to do to increase their employability

To what extent do you agree with each of the following?

Legend: Middle skills, High skills

Statement	High skills	Middle skills
I know what skills I need to boost my employability	65%	54%
I know how to access and utilize resources to develop the skills I need to boost my employability (e.g., online learning)	61%	47%
I know how to effectively use social media to boost my employability (e.g., LinkedIn, Twitter, Facebook, etc.)	53%	42%
I know where to access training opportunities to boost my employability	58%	46%

Percent of respondents selecting "Strongly agree" or "Agree"

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 17: Supportive employer practices are the top cited reason for all categories of hidden workers to find work

What triggered a change in your personal circumstance leading you to find work?

Rank	Previous missing hours		Previous missing from work		Previous missing from workforce	
1	Supportive employer practices	28%	Supportive employer practices	31%	Supportive employer practices	34%
2	Change in my outlook/ expectations	21%	Supportive government policies	23%	Supportive government policies	23%
2	Supportive government policies	21%	Change in economic outlook	23%	Supportive government policies	23%
3	Change in economic outlook	20%	Change in my outlook/ expectations	17%	Change in economic outlook	20%
3	Change in economic outlook	20%	Mental health improved	17%	Change in economic outlook	20%

Note: This question was only shown to those who were previously hidden workers, but are now in full-time employment. Respondents were given a list of 18 potential changes in circumstances including obtaining new skills/experience/qualifications, changing their personal situation, changing employer practices, and changing government practices. Respondents were then asked to select all that apply and highlight the primary reason. The responses above are the top three responses based on binary logistic regression for each employer practice. The dependent variable is 1 if the individual who was previously a hidden worker cites the change as being relevant and 0 if not. Background controls include country, gender, age, ethnicity, education, sexuality, owner occupier, family situation, current/previous salary and annual family income. Figures shown indicate the simulated probability of citing the practice for each of the hidden worker groups where the previous hidden worker status is statistically significant.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Small changes, big dividends

A major design feature in the worker survey was to poll those who were previously hidden workers, but currently in the workforce, as well as those who remain unemployed. The experience of those workers provides insight into what keeps hidden workers out of employment. The findings are unambiguous: Employer hiring practices are the single most significant impediment to talent flow. For all three categories of hidden workers, the most important factor contributing to returning to work was supportive employer practices. (See Figure 17.)

The practices that helped pave the way for re-entry for hidden workers were neither exorbitantly expensive nor extraordinary accommodations. (See Figure 18.) They are common-sense practices that help attract any worker, not just those hidden by corporate recruiting processes. By improving practices to attract hidden workers, companies can improve their ability to attract all types of talent better, faster, and smarter.

Figure 18: Hidden workers identify the most helpful employer practices that helped them find work

What kind of employer practices helped you at each stage of the employment process?

Application process

Rank	Previous missing hours	Previous missing from work	Previous missing from workforce
1	Easy job application process	Easy job application process	Easy job application process
2	Jargon free job descriptions	Jargon free job descriptions	Jargon free job descriptions
3	Link to good info and advice on jobs	Link to good info and advice on jobs	Link to good info and advice on jobs

Hiring process

Rank	Previous missing hours	Previous missing from work	Previous missing from workforce
1	Work experience/intern/ shadow	Work experience/ intern/ shadow	Work experience/ intern/ shadow
2	No academics/ work experience required	No academics/ work experience required	No academics/work experience required and other experience
3	Other experience and no pre-employment assessments	Apprenticeship	No pre-employment assessments and interview training

On-the-job support

Rank	Previous missing hours	Previous missing from work	Previous missing from workforce
1	Flexible working	Flexible working	Flexible working
2	Policies supporting work-life balance and training/re-skilling	Supportive leadership team and training/re-skilling	Supportive leadership team
3	Supportive leadership team	Policies supporting work-life balance	Training/re-skilling

Note: This question was only shown to those who were previously hidden workers, but are now in full-time employment. Respondents were given a list of practices in each employment phase (6 practices in the application process, nine practices in the hiring process, and 16 practices in on-the-job support) and were asked to rank the practices from a scale of 1 (not helpful at all) to 5 (very helpful). The practices above are the top three responses based on binary logistic regression for each employer practice. The dependent variable is 1 if the individual who was previously a hidden worker cites the practice as being helpful or very helpful and 0 if not. Background controls include country, gender, age, ethnicity, education, sexuality, owner occupier, family situation, current/previous salary and annual family income.

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

What business can do
From hidden workers to human assets

Employers in the developed world face several irrefutable truths: The pool of workers available to them is shrinking, and recent demographic trends suggest that that will continue to be the case indefinitely. Workers with relevant skills will only become more difficult to find. Workforce participation rates remain near record lows and have changed only marginally over the last decade in the developed world. Covid will only exacerbate the resulting skills shortage in certain areas by creating a surge in demand for skills ranging from transportation and logistics to digital marketing and cloud engineering.

The implication for employers is clear. Competition in the "spot market" for labor will remain intense for the indefinite future. To insulate themselves from that phenomenon and gain an edge in the market for talent, employers need to build talent management pipelines that attract new applicants to their candidate pool. Hidden workers represent the ideal population to target through such a strategy.

- **The population remains poised to contribute**. A majority of hidden workers demonstrate an interest in re-entering the workforce to improve their employment situation. As many as 70% confirmed they had applied to jobs in the past five years. Most have skills and work experience that are relevant to employers, as well as the willingness to learn new skills to qualify for good positions.

- **There are multiple "real world" proof points.** Companies from a wide variety of industries have established substantial, successful programs designed to access one or more hidden worker population. As our survey confirms, companies with experience in embracing hidden workers report much higher levels of confidence in their ability to be productive than firms that haven't. (See Figure 13 on Page 28.) If companies as diverse as Amazon, Bank of America, Centrica, CVS, Gap, General Motors, Google, Hot Chicken Takeover, Ikea, JPMorgan Chase, McDonald's, Microsoft, Siemens, Slack, UPS, Verizon, and Walgreens Boots Alliance can all implement successful programs, it is hard to imagine that any firm willing to apply itself cannot do likewise.

- **Business results justify the investment.** Companies denominate the success of their hidden worker programs in tangible business metrics like raised productivity, reduced turnover rates, and improved levels of engagement. Those are hard-nosed business metrics, not phrases drawn from the mission statement of a corporate foundation or a mandate from a board of directors to demonstrate a higher level of corporate social responsibility. As competition for workers sourced through traditional channels forces up the costs of hiring and retaining talent, creating new talent management pipelines to attract hidden workers offers substantial benefits. These include the real benefits arising from supporting local communities and advancing commitments on diversity, equity, and inclusion.

A growing chorus of constituents—ranging from policy-makers to shareholders, employees to civic leaders—are calling for companies to make a concerted effort to address issues of diversity, equity, and inclusion. Executives who ignore those appeals or undertake token efforts do so at their peril. Stakeholders expect a sustained and substantial commitment of resources that yields measurable results. For organizations big and small, engaging hidden workers represents not just the opportunity to make a sound investment in talent management, but also a vehicle for enhancing public, shareholder, and employee relations.

To transform the large pool of hidden workers to productive human assets, companies should consider the following two broad initiatives.

Reforming the approach to talent acquisition

Our extensive review of employers' hiring policies and procedures across three major economies confirms that important elements of companies' core talent acquisitions processes need revamping. Our conclusion rests on the striking irony that companies consistently express concern about the availability and the quality of the talent available to them, while acknowledging that their hiring processes exclude qualified candidates from consideration. It is unimaginable that management would tolerate an equivalent error rate in mission-critical processes associated with operations, supply chain management, distribution, or customer service. Talent acquisition should be subject to the same discipline as other key management processes.[85]

The processes most companies rely on to find talent consist of a combination of long-standing HR practices

augmented by technologies like an RMS/ATS. Arguably, today's practices incorporate the worst of both worlds. Companies remain wedded to time-honored practices, despite their significant investment in technologies to augment their processes. (See Figure 19.)

The mechanism of creating and updating job descriptions has all the hallmarks of an inefficient, archaic routine. Many acknowledge updating job descriptions only occasionally, despite the dynamic changes in the nature of work. The responsibility for revising job descriptions

is vested in the recruiters; hiring managers and incumbent workers are seldom engaged. Only one-third of the respondents to our survey indicated that such colleagues were involved in creating or editing job descriptions. (See Figure 20.) Such processes risk bias in wording and error bred in a lack of an informed understanding of what skills are actually required to do a specific job.[86] New requirements and employer preferences are often simply bolted onto an existing document, causing job descriptions to expand in length and grow in complexity.

Figure 19: Hidden biases in automated employer practices

AUTOMATED HIRING LOOP

Algorithmically-driven advertisement:
Potential for discrimination via exclusion of target audiences as justified by evaluation results

Algorithmically-driven resume sorting:
Potential for discrimination through selection criteria which are proxy variables

How companies think their hiring is working

Inclusive job postings

Fair evaluation

Blind resume selection

Standardized onboarding

Automated evaluation:
Potential for discrimination via evaluation criteria which are proxy variables

Automated onboarding:
Potential for inadvertent discrimination through one-size-fits-all approach

Source: Adapted from Ajunwa, Ifeoma. "The Paradox of Automation as Anti-Bias Intervention," 41 Cardozo, L. Rev. 1671 (2020), https://ssrn.com/abstract=2746078.

The resulting description represents an agglomeration that defines some near perfect candidate, one that possesses the skills, attributes, and experiences required for success in the past, present, and future. The economies realized by minimizing the investment in tailoring job descriptions, engaging line managers and employees in their creation and refinement, and declining to help develop or adopt industrywide skills ontologies are false ones.
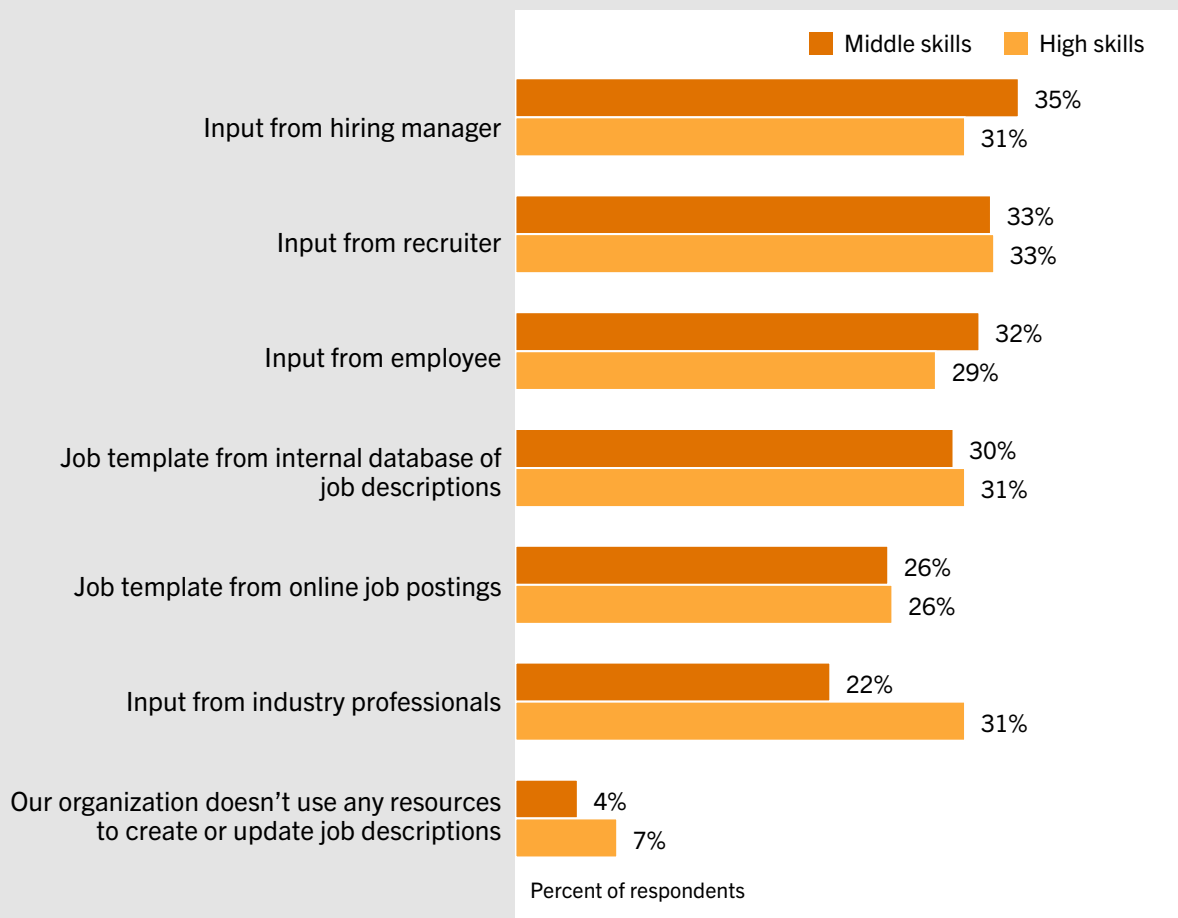
Employers have deployed technology to automate this fundamentally flawed approach. The filter and ranking systems used by companies in their ATS continues to reflect the logic of the traditional system. While online systems allow companies to sort through the large number of applications for good-paying jobs, they

automate an archaic system and hard-wire the flaws and inadequacies of the fundamental process design.

The knock-on effects are considerable and go beyond the boundaries of any given organization. Companies miss out on qualified candidates through their focus on minimizing direct costs and the time it takes to fill a position. Their quest to find "perfect" candidates possessed of myriad skills—ranging from the strictly necessary to the incrementally attractive—dilutes their focus on finding workers with the *critical* skills. This approach artificially constrains the pool of applicants and raises the barriers confronting aspiring workers. The net result: Millions of potential workers are effectively ostracized from the workforce.

Figure 20: Few resources used to update job descriptions

When creating or updating job descriptions for middle-skills/high-skills positions, what resources does your organization use?

	Middle skills	High skills
Input from hiring manager	35%	31%
Input from recruiter	33%	33%
Input from employee	32%	29%
Job template from internal database of job descriptions	30%	31%
Job template from online job postings	26%	26%
Input from industry professionals	22%	31%
Our organization doesn't use any resources to create or update job descriptions	4%	7%

Percent of respondents

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

The time is ripe for such a reconsideration for reasons that go far beyond the potential vested in the vast number of workers "hidden" by these barriers. Fundamental changes in the nature of work are rendering the logic underlying historical hiring practices unfit for current needs in talent management in the following ways:

- **Velocity of change:** The acceleration of technology development and deployment is making it increasingly difficult to find specific enduring "hard" skills or competencies required of a worker. The World Economic Forum has suggested that 40% of the skills across industries are unstable or changing.[87] Such a high rate of skills churn has important implications: Systems that rely on job descriptions that merely catalog an ever-growing and changing list of skills will become increasingly useless. They will often default to applicants who currently occupy positions equivalent to that on offer. Only incumbents are likely to have experience in state-of-the-art skills changing at such a pace. New graduates or those applying from other industries or functions, as well as the chronically unemployed and underemployed, will be less and less competitive. This approach also places these employers in head-to-head competition with other companies hiring similar employees in the spot market for labor. That will reinforce a demand-pull wage inflation cycle in the spot market for the most in-demand skills. Only companies with talent management pipelines that allow them to avoid head-to-head competition for such talent will escape the associated economic squeeze.

- **The rise of social skills:** As technology displaces manual and cognitive work that is primarily routine in nature,[88] good paying jobs will increasingly call for workers with advanced social or "human" skills.[89] Most hiring processes, especially those that rely heavily on automation to select candidates from large pools of applicants are currently ill-suited to identify people with such skills. As our research shows, most workers credit themselves with having skills in areas like communication and their capacity for social engagement. (See Figure 21.) Such skills are difficult to assess through algorithmic analysis of job applications, interviews, and assessments. Although innovative approaches and technologies are emerging to address that shortfall, such as the development of systems to assess individuals' behavioral propensities, adopting them will require rethinking the fundamentals of the hiring process.

- **The overreliance on proxies:** Employers have come to rely on proxies as a mechanism for gauging candidates' abilities to fulfill changing requirements

of work. That has led to a widespread overreliance on credentials, such as post-secondary degrees, in the hiring process.[90] Relying on such proxies, while expedient, is ironic, given that many employers find college graduates lacking along critical dimensions, such as professional and social skills.[91,92] While college graduates rate themselves more prepared for work than employers do,[93] 38% report rarely or only occasionally relying on things they learned at university in their work, and 20% say that their college experience did not prepare them for their first job.[94]

Employers should consider restructuring their approach to sourcing talent in three fundamental ways, which will improve their talent management outcomes generally while bolstering the prospects of hidden workers, specifically.

Fix the process for composing job descriptions

The process employed by most companies can be fairly characterized as one of accretion. New experience and skills preferences are added to existing job descriptions, like coats of fresh paint being applied to a surface that has not been stripped. What emerges is the profile of an idealized candidate, possessed of every skill the employer once deemed and currently imagines to be relevant. But descriptions of ideal candidates do little to attract plausible candidates. Overly long, complicated job descriptions discourage workers of all types from applying for positions. Research indicates that women are particularly likely to become discouraged by job postings laden with job requirements,[95] and 47% of recent college graduates report deciding not to apply for a job because they did not have all the skills listed.[96]

If job descriptions clearly outlined the critical skills required based on an analysis of what skills actually correlate to performance, it would help both the candidate and employer focus on what's relevant. For this, supervisors and incumbent workers must be asked for input on: What combination of technical and social skills account for actual, on-the-job success? Clear and specific performance goals should be then made explicit and highly visible in every job description. Such clarity will help direct candidates, who might not have made it through a company's old filters, to highlight relevant skills and experiences that would advance their candidacies. It will also discourage unqualified applicants from applying if they don't possess these must-have skills. Such an approach will reduce the need to use outdated, blunt filters embedded in the ATS to pare down the candidate pool.

Figure 21: Top strengths hidden workers perceive in themselves

What type of skills do you possess? Select your top three strengths.
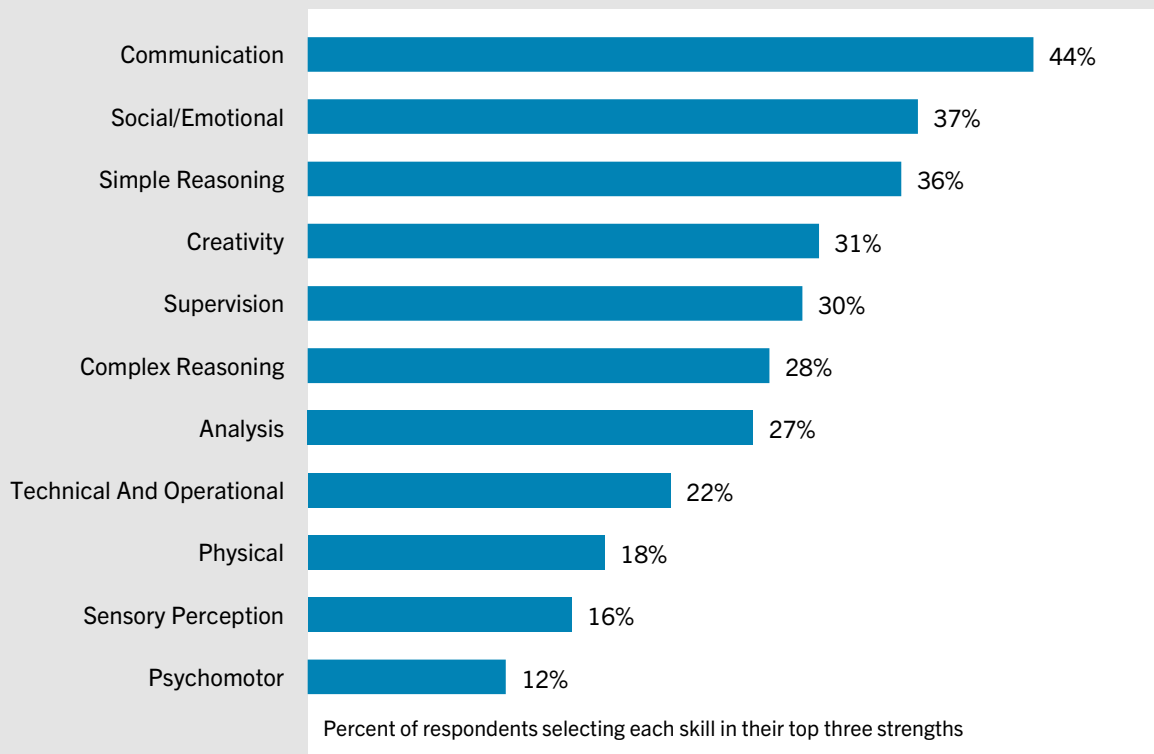
Skill	Percent
Communication	44%
Social/Emotional	37%
Simple Reasoning	36%
Creativity	31%
Supervision	30%
Complex Reasoning	28%
Analysis	27%
Technical And Operational	22%
Physical	18%
Sensory Perception	16%
Psychomotor	12%

Percent of respondents selecting each skill in their top three strengths

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Shift from "negative" to "affirmative" filters in the ATS/RMS

The variables used in an ATS/RMS by the employers we surveyed had two core characteristics. Most are proxies for attributes like skills, work ethic, and self-efficacy, and most used a failure to meet some criteria as a basis for excluding a candidate from further consideration. Those two design features constitute a lethal combination for many qualified candidates.

Applicants with the work or life experiences to do a job but lacking the proxy on which the employer is relying, such as a college degree or an unbroken, continuous history of employment, are excluded from consideration.[97] Ironically, employers almost universally acknowledge that these negative filters cause them to inadvertently exclude qualified candidates some, if not most of the time. (See Figure 10 on Page 26.) In revising job descriptions, employers can devise "affirmative" filters that seek out candidates with relevant skills and experiences. For example, creating skills-based

filters that seek attributes like "cumulative five years of technical sales and service experience in B2B devices" or "multiple experiences working in team settings" in workers will open the aperture on hiring those with genuinely relevant skills, rather than relying on proxies like "employed in a similar role within the last months" or "college graduate." The tools to make such a shift are readily available. Artificial intelligence can be harnessed to hone the company's understanding of discernible variables in the background of current employees that correlate to their success. That data can then be translated into a new and powerful framework—hiring on the basis of skills and demonstrated competencies, not credentials.

Establish new metrics for evaluating talent acquisition

Historically, most companies have sought to maximize the efficiency of their talent acquisition processes. Recruiters are evaluated on the direct costs associated with filling a position, such as fees paid to a third-party

job site or recruiter, and the speed with which positions are filled. Unsurprisingly, those metrics strongly influence the way the recruiting process is designed and executed. A recruiter eager to fill a position as cheaply and as quickly as possible will not spend time contemplating the potential of candidates from nontraditional backgrounds or engaging with talent providers that do not offer "ready now" candidates. Their incentives discourage them from doing so. They also have the effect of channeling most employers toward the exact same pool of candidates, those with unambiguous credentials sought in the job description.

To gain the benefit of accessing a larger and more diverse applicant pool, employers will have to change the metrics they use in evaluating their talent acquisition processes. The current system emphasizes expense minimization. It ought to emphasize human asset maximization. How should a company assess the return it enjoys on an investment in a new employee? By measuring the magnitude and duration of their value added to the organization. Those are the returns on the investment that truly matter while hiring. Recruiters as individual contributors and the talent acquisition process as a whole ought to be evaluated on metrics, such as the time it takes a new employee to achieve the expected level of productivity, the rate at which new workers voluntarily or involuntarily leave the employment of the company, their average duration of service, and their rates of advancement.

Employers should look at the profiles of workers who have been promoted one or more times. Similarly, they should look at softer, interpersonal attributes, such as engagement and collaboration. The employees that companies want and need are workers who perform well on those metrics. Small differences in the marginal cost of securing a productive worker or in the duration it takes to find them are irrelevant to a company's long-term economics relative to how productive a worker is and how long they stay with the firm.

As they prepare for a new future of work, companies should modernize their talent acquisition processes by reforming these three fundamental elements of their systems. It will shift them from a credential-based, proxy-dependent model to a specific critical-skills-based model. In so doing, companies can gain a meaningful advantage by improving their talent base, while insulating themselves from increasingly fierce competition raging in the spot market for talent.

Develop a customized approach to hiring hidden workers

Reforming those core hiring processes will have an important, additional benefit—significantly enhancing the employment prospects of hidden workers. But accessing this large pool of potentially attractive talent will require some additional investment of time and attention by top management.

Shift the justification from corporate social responsibility to return on investment

Our survey shows that many companies believe they have engaged with one or more segments of hidden workers. (See Figure 22.) But most have done so through their corporate foundations or corporate social responsibility (CSR) efforts. While such efforts are praiseworthy, they are inherently self-limiting. A company that relegates a group of workers to a special recruiting status is not only acknowledging that its routine recruiting processes are failing to access that population, but also that the ordinary metrics by which candidates are being assessed are being waived. That undermines the legitimacy of the hidden workers' employment in the eyes of colleagues and could undermine the ability and confidence of those workers to perform to their full potential.

It also reflects employers' attitudes about the risks of employing hidden workers. As pointed out earlier, on average, 40% reported that they felt it risked making them significantly less competitive, and 50% expressed the belief that it would significantly increase their business risk. Those numbers grew in relationship to the number of hidden workers being sought. Concerns over productivity and risk contributed to 41% of the surveyed employers reporting that hiring hidden workers could negatively affect profitability.

But those hypotheses are disproven by the experience of companies that hire hidden workers. They report that hidden workers outperform workers sourced from their traditional talent sources materially on six key evaluative criteria—attitude and work ethic, productivity, quality of work, engagement, attendance, and innovation. Employers hiring the largest number of hidden workers reported distinctly higher results across all six categories. (See Figure 13 on page 28.) The experience of firms that devote some energy in tapping the deeper reservoir of talent debunks the widespread beliefs that cause companies to place hidden workers into special categories or avoid hiring them.

Turning hidden workers into productive workers often requires modest accommodations. In our survey, around

Figure 22: Employers cite they hire many types of hidden workers, but impact is low

Which of the following untapped talent pools does your organization target?

Untapped talent pool

People from less advantaged backgrounds	36%
People without degrees/advanced degrees	32%
People with a physical disability	30%
People who left school without traditional qualifications	29%
Immigrants	27%
NEETs (i.e., young people not in education, employment or training)	26%
The long-term unemployed	26%
Veterans	26%
Retirees/post-working age population who could work	25%
People without a history of employment	25%
People with health problems (temporary, chronic/long-term illness)	23%
Carers/caregivers (who are looking for more flexibility)	23%
Trailing partners	21%
People with developmental/neurodiversity challenges	21%
Refugees/asylum seekers	19%
People with mental health challenges	18%
People with history of substance/alcohol abuse	16%
Ex-offenders	16%

Percent of respondents

Note: These percentages are based only on the employers who indicated that their organizations target at least one group of hidden workers.
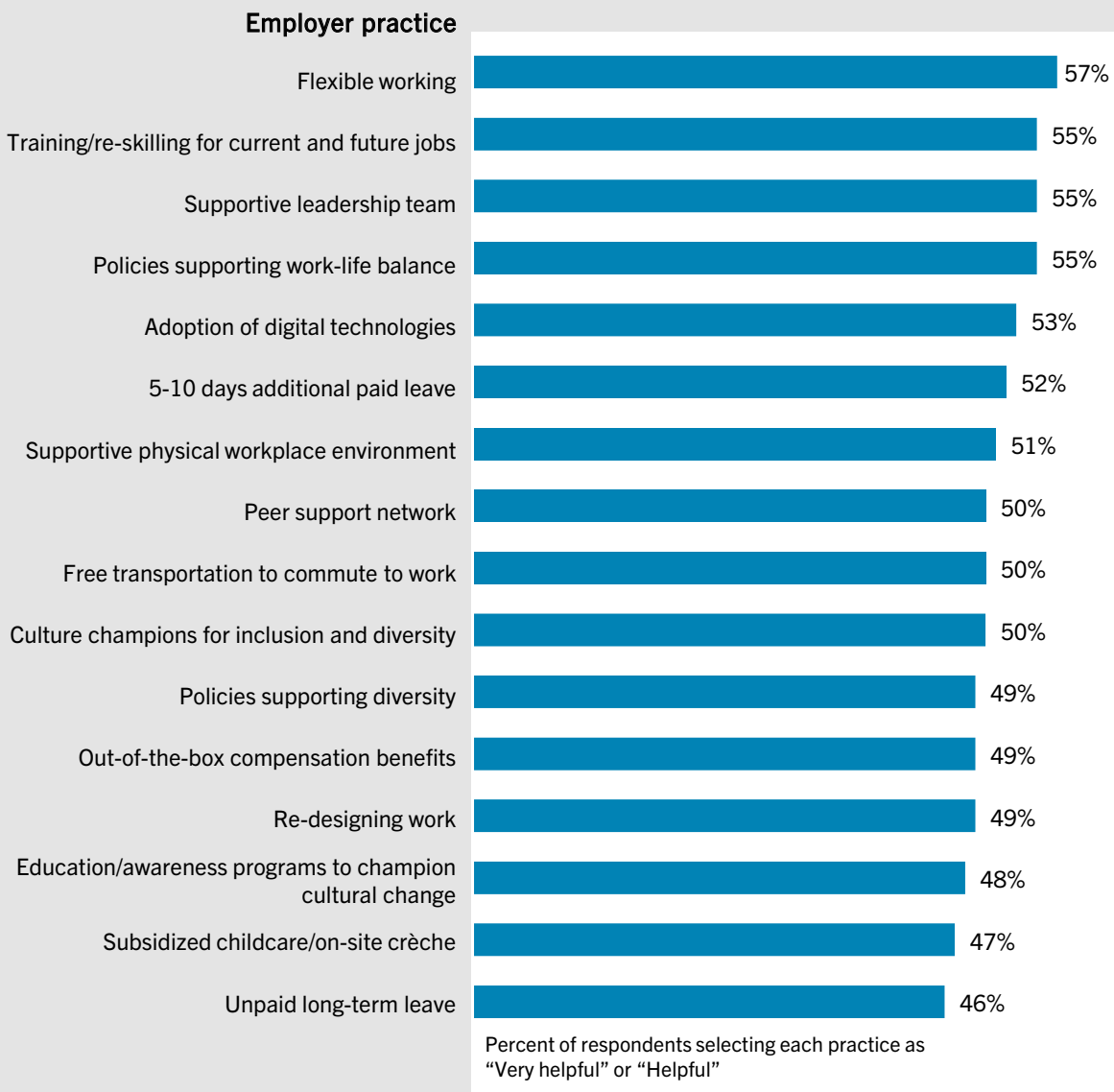
Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

half of the once hidden workers who are now employed reported that their firms had made some sort of accommodation in areas like the physical workplace (51%) or job design (49%) that enabled them to be productive. Significantly, 57% indicated that allowing for some degree of flexibility around work requirements was important to their success, and 55% acknowledged that retraining and reskilling helped. (See Figure 23.) Once the need for those modifications are met, hidden workers can and should be held to the same basic standards as their fellow employees.

The benefits to hiring hidden workers do include many of those that companies seek in implementing CSR programs. Employers who rely on hidden workers cite reasons like enhancing their brand image, improving their relationships with local communities, and demonstrating that they are responsible businesses. But the decision to hire hidden workers does not rest on intangible, indirect benefits. They place equal importance on factors like optimizing payroll costs and addressing skills shortages. Those are real benefits that can be realized at scale. (See Figure 14 on page 29.)

Figure 23: On-the-job support by employer critical for hidden workers to succeed at work

What kind of employer practices helped you in supporting you on the job?

Employer practice

Practice	Percent
Flexible working	57%
Training/re-skilling for current and future jobs	55%
Supportive leadership team	55%
Policies supporting work-life balance	55%
Adoption of digital technologies	53%
5-10 days additional paid leave	52%
Supportive physical workplace environment	51%
Peer support network	50%
Free transportation to commute to work	50%
Culture champions for inclusion and diversity	50%
Policies supporting diversity	49%
Out-of-the-box compensation benefits	49%
Re-designing work	49%
Education/awareness programs to champion cultural change	48%
Subsidized childcare/on-site crèche	47%
Unpaid long-term leave	46%

Percent of respondents selecting each practice as "Very helpful" or "Helpful"

Note: This question was only shown to those who were previously hidden workers, but are now in full-time employment.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Focus hiring by segment

Hidden workers fall into a variety of diverse categories; they are not a monolithic conglomeration of the under-employed or unemployed. Companies can segment the hidden worker population, much as they do customers, to understand the specific needs of subgroups in order to identify those they can most effectively engage. Companies with active programs for engaging hidden workers generally target their programs on a few of segments of hidden workers. A majority of employers (74%) who said they actively hire hidden workers engaged five or fewer types of hidden workers.

This makes the task of broadening a company's creation of a talent pipeline less formidable by allowing the employer to:

- Focus its activity on segments of hidden workers whose skills profiles fit best with the company's core activities, such as SAP's focus on neuro-diverse candidates, Boeing's commitment to hire veterans, Aviva's efforts to hire those with visible and invisible challenges, and Volkswagen's efforts to hire refugees;

- Customize its investment in training and accommodations to the specific needs of those populations to maximize the prospects of newly hired hidden workers becoming productive quickly;

- Familiarize recruiters, human resources professionals, supervisors, and co-workers as to the skills profiles of hidden workers with discernable needs;

- Understand thoroughly and account for any legal or regulatory issues related to employing a specific category of hidden worker;

- Develop relationships with skills providers, educators, social entrepreneurs, and other community-based agencies with access to and detailed knowledge of the relevant population.

Focusing on a limited set of hidden workers allows companies to develop the deep familiarity with one or more segments of the population to ensure results. Ironically, businesses have historically expanded the hiring criteria to attract a wider pool of aspiring workers when faced with the type of supply-demand imbalance that is now unfolding. In the U.S., the food services and hospitality industry has targeted non-English-speaking immigrants for non-customer-facing jobs. The retail sector has identified opportunities for the physically and mentally challenged. The call-center industry has seen value in hiring older workers. In Europe, employers in industries ranging from hospitality to automobile manufacturing are turning to older workers to bolster their labor force.[98] In almost all the cases, though, the industry faced dire circumstances that forced it to look beyond its traditional metrics. If instead, companies incorporated a systematic approach to match their needs to the skills of specific segments of those currently unemployed or underemployed, they would face fewer talent shortages.

Adopt a customer experience mindset in designing the recruitment process

A critical, early step toward engaging hidden workers is making the process of applying for a position less onerous. A majority of hidden workers, 84%, found the application phase difficult; both higher-skills and middle-skills workers shared that complaint. As many as 60% of potential applicants have abandoned the application process due to its complexity and length.[99] Redesigning the process to maximize ease of use and make job requirements explicit and readily comprehensible can remove this barrier. Our survey confirmed that 55% of previously hidden workers who are now employed found it helpful when employers made information about job requirements and necessary qualifications explicit; 62% of previously hidden workers who are now employed credited an easy application process as contributing to their return to work.

Employers can take several steps to remediate this problem:

- **Apply a user experience (UX) lens to redesign the process for applying for a position:** Over the past two decades, companies have focused on improving their customers' experience. They have worked diligently to plug "holes in their sales funnel" and to isolate sources of customer dissatisfaction. The same logic can be applied to the experience of job applicants. The hiring process can be designed for ease of use by applicants. Employers can ensure that the skills and credentials requirements are accessible at the beginning of the process and the timetable and criteria for decision making is clear. To refine the applicant experience, companies should tap current employees who share the background of a targeted hidden worker population. By gathering valuable insight from workers within the company on the tacit and explicit barriers to entry it might be raising, employers can make the application process more inclusive and comprehensible.

- **Go to where hidden workers seek employment:** Hidden workers do not always frequent the same channels seeking work that employers rely on to find talent. Most don't have access to the career and

professional development services that colleges and universities offer students and alumni. Nor do they frequent career fairs. Rather, they focus their efforts on intermediaries that few employers emphasize. For example, 35% of middle-skills hidden workers report that job centers are their primary channel for seeking work, but only 26% of employers prioritize them. Similarly, 40% of employers utilize social media as a means for reaching middle-skills job candidates, but only 28% of middle-skills hidden workers report looking for work through that medium. (See Figure 24.) Finding hidden talent means reaching them through the channels they access.

Lay the groundwork with the workforce

Mounting a sustained commitment to engaging a group of hidden workers requires more than just opening the aperture on a company's hiring processes. It requires preparing the organization to integrate those nontraditional workers to the organization. This is a new challenge in creating an inclusive environment, an objective many companies have struggled to fulfill historically. Companies must take steps that minimize the degree to which incoming hidden workers are viewed as fundamentally different from new employees recruited through traditional sources or as being held to lower standards on important measures such as productivity.

Companies can advance these goals by:

- **Debunking myths that surround hidden workers:** Our analysis indicates that hidden workers are often marginalized from the workforce despite their ongoing efforts to find work. Ensuring that incumbent workers understand the circumstances surrounding a target segment of hidden workers will enhance the likelihood of their acceptance. Employers and their workers may be more empathetic to hidden workers and willing to make some accommodations in hiring them if they understand their circumstances. Sixty-five percent of employers with significant experience in hiring hidden workers indicated their belief that their unemployment or underemployment were due to factors outside the workers' control. (See Figure 25.) The clear-eyed business justification for cultivating hiring pipelines to source hidden workers should be made fully apparent across the organization. Colleagues who believe that their new co-workers were hired as an expression of corporate social responsibility are less likely to embrace the decision than those who understand the business logic.

- **Lending hidden workers a name and face:** It is difficult for colleagues who have no experience of interacting with a specific segment of hidden workers to appreciate both the challenges they have faced and the skills and attitudes they will bring to the workplace. Exposing workers to the stories of specific individuals will help reinforce the legitimacy of their presence. This is where the ongoing efforts in CSR can help provide a bridge to a more strategic approach to hiring hidden workers. CSR efforts might have targeted different segments of workers—veterans, those with physical disabilities, autistic workers, the formerly incarcerated, and so on. The stories of those incumbent colleagues who were once a member of a hidden worker group or others who have intimate knowledge of their circumstances can be helpful in introducing hidden workers to the workplace. Incumbent workers can be made more receptive to an ongoing infusion of talent by openly discussing questions like these: What was challenging for these workers in terms of fitting in? What was challenging for the workers in terms of co-working with a former hidden worker? What has management done to ease the onboarding process for both new and incumbent workers?

- **Involving workers who will be directly involved in onboarding and training:** Involving new colleagues in the onboarding process for new hidden worker recruits will likely contribute to a smoother onboarding process. Afforded an opportunity to engage with new employees, those who supervise or work alongside newly hired hidden workers will have a better understanding of how they can contribute and how any accommodations will affect work processes.

- **Enlisting a senior leader to champion the efforts:** All substantial initiatives benefit from sponsorship. Launching and sustaining a program for including hidden workers in a company's workforce requires a credible and influential leader who can help overcome impediments as they arise, evaluate results, and ensure the program's objectives are fulfilled.

Remediate lingering employment challenges

While hidden workers can be fully capable of taking on new roles and acquitting themselves successfully, they will inevitably lack some of the skills and experiences possessed by the idealized candidates an ATS or RMS is designed to identify. To maximize their return on investment from hiring hidden workers, employers should:

Figure 24: Differences in job search methods used by hidden workers versus employer practices

What are the main methods you use to search for a job?

Legend: ■ Worker survey ■ Employer survey

Middle skills

Method	Worker survey	Employer survey
Online job boards (e.g., Monster.com)	51%	45%
Company website	32%	37%
Social media (e.g., LinkedIn, Facebook)	28%	40%
Job centers	35%	26%
Online job boards/recruiters promoting diversity (e.g., Vercida.com)	26%	31%
Employee referrals	19%	33%
Jobs fairs	16%	21%
Specialized job fairs that target under-represented populations (e.g., women, people with disabilities, ethnic groups)	10%	19%
Other companies	10%	7%
Universities	5%	16%
Community colleges	6%	17%

High skills

Method	Worker survey	Employer survey
Online job boards (e.g., Monster.com)	51%	38%
Company website	41%	41%
Social media (e.g., LinkedIn, Facebook)	35%	25%
Job centers	25%	18%
Online job boards/recruiters promoting diversity (e.g., Vercida.com)	30%	29%
Employee referrals	24%	34%
Jobs fairs	21%	23%
Specialized job fairs that target under-represented populations (e.g., women, people with disabilities, ethnic groups)	17%	25%
Other companies	14%	12%
Universities	15%	34%
Community colleges	11%	22%

Percent of respondents

Figure 25: The more a company hires hidden workers, the more empathetic it is to their circumstances

To what extent do you believe people from untapped talent pools are excluded from the workforce because of actions/events out of their control?
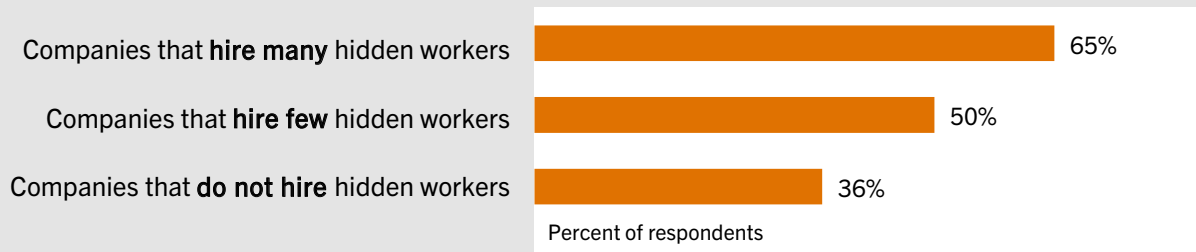
Companies that **hire many** hidden workers	65%
Companies that **hire few** hidden workers	50%
Companies that **do not hire** hidden workers	36%

Percent of respondents

Note: "Companies that do not hire hidden workers" are companies who reported that they hired 0 hidden workers over the past year. "Companies that hire few hidden workers" are companies who reported that they hired between 1 and 10 hidden workers over the past year. "Companies that hire many hidden workers" are companies who reported that they hired more than 40 hidden workers over the past year.

Source: "Hidden Worker — Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

- **Identify skills gaps that are common to the specific category of hidden worker being hired:** It is likely that any given group of hidden workers will have similar skills gaps. Introducing hidden workers into the workplace without addressing those deficiencies risks undermining the very purpose of such a program. Employers should develop or source training resources to address any such gap.

- **Revisit the onboarding process to ensure it accommodates newly hired hidden workers:** The onboarding process in all companies is designed to help workers hired through standard practices enter their new place of work comfortably and achieve desired levels of productivity quickly. Like other steps in the hiring process, it is likely to be ill-suited to the needs of hidden workers in some regard. Companies should be cautious about assuming that the only barriers to the success of hidden workers lie in the recruiting process.

- **Invest in ongoing upskilling opportunities for former hidden workers:** Making hidden workers integral to a company's talent management strategy requires more than simply hiring them into entry-level positions. They should be afforded the same opportunity as well as necessary support for career progression. That will require investing in the professional development and corporate learning systems that reflect the skills profiles of formerly hidden workers as well as the company's expectations of its future talent requirements.

Cultivate relationships to develop an ecosystem focused on target populations

Helping hidden workers gain a secure foothold in employment requires expertise and credibility. Companies seeking to tap into this ample pool of talent will benefit from building a network to help them implement and refine their strategy. They should seek to collaborate with a variety of other players, including:

- **Not-for-profits and social entrepreneurs:** Many segments of the hidden worker population— veterans, immigrants, the formerly incarcerated— are supported by various groups seeking to help them overcome challenges and improve their lives. Such groups have nuanced insight into the needs of those segments of hidden workers and access to them. They have credibility with the workers and other groups, such as government agencies, as well. Partnering with such groups helps companies develop, launch, and refine a program to make hidden workers integral to their talent management programs.

- **Other employers:** Talent shortages affect all industries and companies of all sizes; hidden workers constitute a means for addressing the gap and finding motivated workers. By sharing best practices and resources, employers can reduce the costs of implementing a program and broaden its impact. Educators and skills providers would have greater confidence that any investment they make in training programs would be amortized over a larger

population. Expertise in designing and implementing accommodations would help speed implementation. Companies could also consider sharing resources, like a pool of applicants, and consider such innovations as creating a common application process. The scale created through such collaborations would improve the economics of a program targeting workers across the board.

- **Technology providers:** The companies that provide technology to support recruiting and talent development have responded to the preferences and requirements of their customers. They are not only logical partners to help employers make the process changes necessary to broaden their hiring to include hidden workers, they are critical to that process. They possess the deep expertise in the regulations that govern hiring and employment practices, as well as familiarity with the best practices being employed by companies worldwide. Moreover, they understand the capabilities of the technology any given company has deployed presently and how the historical data captured by those systems can be put to work to improve the company's ability to improve its hiring practices.

- **Regulators and bureaucracy:** Groups of hidden workers are often involved, sometimes materially, with government agencies. All companies are, of course, sensitive to the need to understand the various policies that govern areas like employment and health and safety. Those understandings need to be revisited to the extent a hidden worker group is subject to some specific or unique set of rules or policies. Governments often misunderstand the systems effects of policies. Calling out instances of such inhibitors can help encourage reforms that will allow more hidden workers to find their way to employment.

Conclusion

Employers have created talent management processes that have distanced them from talent, increased the hidden costs of hiring, and impeded them from building a diverse workforce. Today's hiring systems are still founded on a mid-20th century legacy model that has been subject to incremental changes. What has resulted in most companies is a structure that is, in actuality, superficially efficient and ineffective at closing chronic skills gaps. Workforce demographics, technological dynamism, and changing attitudes about work make the time ripe for companies to revisit their fundamental approach to hiring in order to develop processes that are fit for purpose in the 21st century.

Managements are already grappling with how to prepare their organizations more broadly for a radically different future. They are pondering how to integrate a workforce made up of part-time or contingent workers and subcontractors, as well as full-time workers in high-skills and middle-skills positions.[100] Work—which has evolved from a predictable 8 hours a day, 5 days a week, to 24 by 7 always-on for many critical high-skills workers—will evolve further, reflecting increased demands for a more sustainable work-life balance. Location and geographic preferences will influence the career choices of workers with the most sought-after and uncommon combinations of skills. All of those factors will combine to oblige companies to find additional pools of talent to fill jobs across their organizations and the skills spectrum.

All of these considerations can and should lead to a lowering of the barriers for hidden workers. Engaging these populations will require companies to pivot their systems from those designed to identify "perfect" applicants with the broadest possible set of skills to ones designed to advance the candidacies of those with the experience and demonstrated capabilities to do the job successfully. Skills-mapping technologies can help employers identify which hidden worker segment best suits their needs, as can collaborating with community-based groups at the center of the ecosystems surrounding each group of hidden workers.

Changes in the patterns of work may also advance the prospects of hidden workers. Many of those out of the workforce are already contributing their skills and rebuilding new capabilities through part-time and contingent work. If employers become more comfortable with part-time workers and remote work, many more tasks open up for aspiring hidden workers.

Removing barriers will require overhauling many aspects of the hiring system—from where companies seek talent, how they write their job descriptions, the role played by managers and supervisors versus human resources in setting specifications, the technologies used for sorting applications and ranking candidates, the process of bringing candidates onboard, the provision of supportive training and coaching, and even the care benefits provided. Companies may view that list as daunting. But they will soon realize that they will need to undertake such reviews in order to remain competitive in the marketplace even for their most-traditional candidates. Mindfully including hidden workers in the process should require no "special" dispensation—in reality, companies will find that investments that create greater access to applicants from the population of hidden workers will benefit them strategically.

Those who get it need no convincing. The jarring months of Covid-19 have taken the blinders off many organizations in terms of the old ways of doing things and the impediments they raise to getting work done. The Second Chance Business Coalition, a commitment by global companies to hire the previously incarcerated, and Times Up Care Economy Business Council, an effort to bring caregivers back into the workforce, both launched in 2021. There is growing realization that responses rooted in the logic of CSR, while well intentioned and often meaningful, are no longer sufficient. Tomorrow's challenges require that firms learn what worked and what failed—and then apply those lessons to build the processes necessary for supporting their organizations in the future.

Those who don't get it will always have an argument they find reassuring or more compelling. They may point to legal issues and compliance issues, even as they see rising financial and reputational costs associated with their lack of progress on diversity and inclusion. They may point to up-front costs of training or onboarding hidden workers, even as they continue paying the significant indirect costs inflicted by having positions go unfilled for extended time and chronic voluntary and involuntary turnover. They may continue investing in incremental improvements—convinced that our data describes "other" companies—and be comforted by internal data sources, like the rate at which their job offers are accepted and employee attitude surveys. Eventually, however, one or more stakeholder group—the board, shareholders, customers, policymakers, advocates—will force such managements to confront that their approach to hiring and talent management no longer meets the needs of the company or society more broadly.

Appendix I: Methodology

Hidden worker model

For the purpose of this research, the three groups characterized as "hidden workers" are:

- **Missing hours:** People who are working one or more part-time jobs but could potentially work full time;

- **Missing from work:** Those who have been unemployed for a long time but are still seeking employment;

- **Missing from the workforce:** Those who are currently not working and are not actively seeking employment but who could be working under the right circumstances.

The research focused on three economies: the United States, the United Kingdom, and Germany. Due to data limitations, the hidden workforce model was developed only for the United States. (See Figure 1.)

The U.S. Bureau of Labor Statistics (BLS) collects data on those who are part-time workers for economic reasons (such as slack work or business conditions and seasonal work) and non-economic reasons (including child and family obligations, health issues, retired, and others). Those classified as "missing hours" make up the largest employment pool of hidden workers in the U.S., accounting for 63% of the total population, or 17.2 million people. Of those 17.2 million, 5.9 million are part-time workers due to economic reasons, with the remaining 11.3 million doing so for non-economic reasons. Of the latter group, 25% work part time because of care obligations—with more than 80% stating family rather than childcare barriers. In both child and family care, the great majority of these workers are women (90% and 88%, respectively).

Another component of the hidden worker pool is the "missing from work" group. To classify this group, we used the definition from the BLS: A person must be unemployed for 27 weeks or longer and must have actively sought employment during the past four weeks. Before the pandemic, there were about 1.2 million "missing from work" in the U.S. As of April 2021, there were 4.2 million people.

There are roughly 9 million hidden workers in the U.S. who are "missing from the workforce." The model excluded school- and college-age individuals from the analysis. Of those 9 million people, 5.1 million want to work. A significant proportion of the remaining 3.9 million could be pulled into the workforce under the right conditions; therefore, we included them in the model. For example, 27% of the 3.9 million are retired individuals with skills and experience that are in short supply.

The data sources used for the model were the Current Population Survey, published by the U.S. Bureau of Labor Statistics and occupation-level data from O*NET. Two assumptions of note:

- The analysis excludes those under the age of 16 but sets no upper age limit. This was because the BLS estimates the labor force participation rate will increase fastest for the oldest segments of the U.S. population—most notably, people ages 65–74 and 75 and older—through 2024.

- Those "not in education, employment, or training" (NEETs) ages 16–24 who are relevant to the hidden worker population are included in this analysis.

Figure 1: Hidden worker modeling methodology

1. Basic hidden worker model

The basic building block starts by using the January 2020 Current Population Survey microdata. The model considers 100% of the long-term unemployed as "missing from work," 100% of those who are inactive but who want a job as "missing from the workforce," and 100% of part-timers who report being constrained by economic reasons as "missing hours." NEETs (ages 16–24) are included in "missing from work" and "missing from workforce" groups.

Base hidden worker pool	Population
Missing hours	5.9 million
Missing from work	1.2 million
Missing from workforce	5.2 million
Total	**12.3 million**

2. Inclusion of workers hidden in other pools

Even if they don´t declare "would like to work", many inactive people transition to full-time work within a year, and the same goes for many non-economically constrained part-timers. The model, therefore, expands the basic definition by adding the projected number of people that are observed to move into a full-time job in each subgroup, based on actual annual transition probabilities.

Expanded hidden worker pool	Population
Missing hours	12.6 million
Missing from work	1.2 million
Missing from workforce	7.8 million
Total	**21.6 million**

3. Inclusion due to additional what-if scenarios

Finally, the model builds in new transition rates in a what-if scenario, based on a binary outcome framework of movements into full-time work. For each individual, the model removes the negative effects in transition odds caused by:

•Gender

•Family income

•Disabilities

•Child and family care

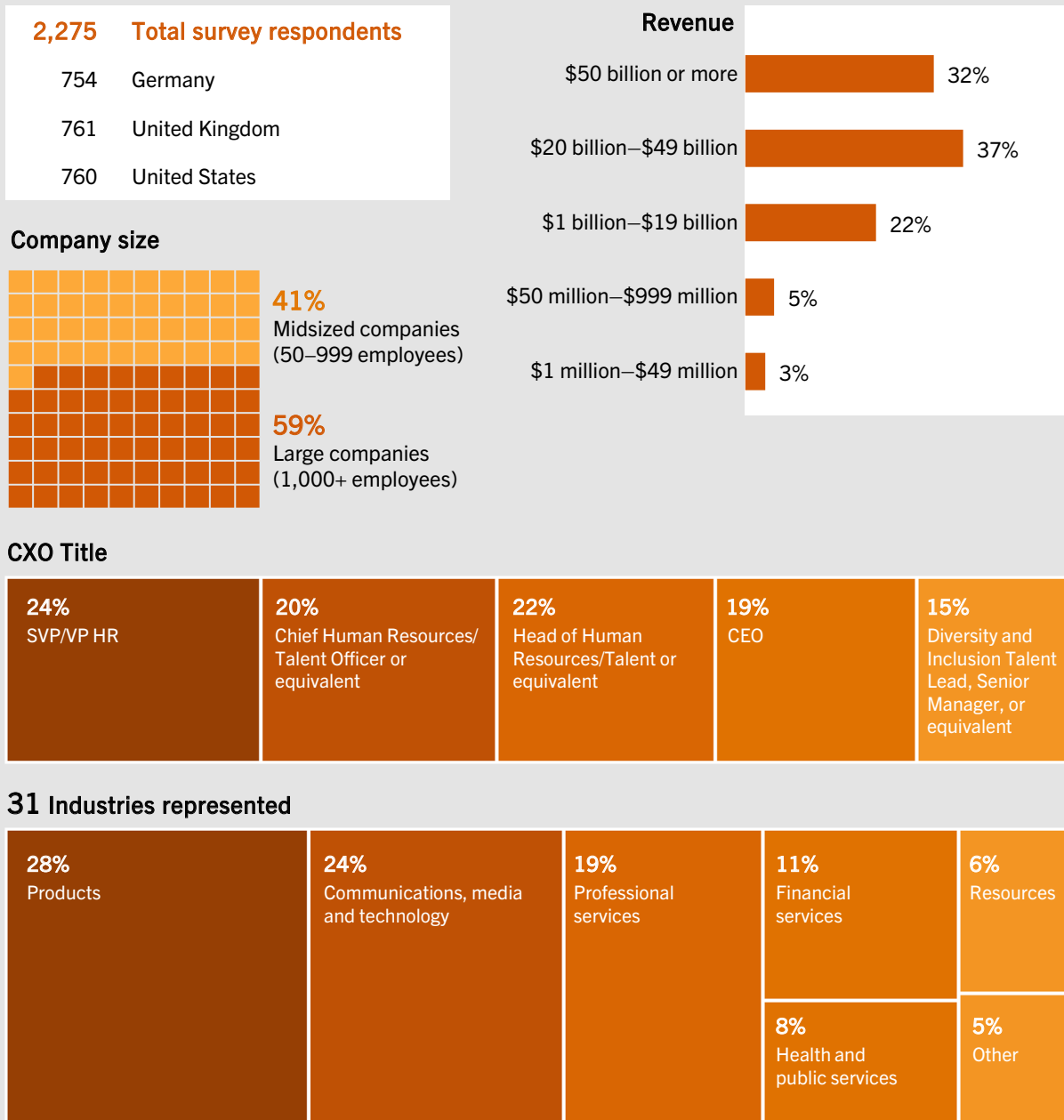| What-if hidden worker pool	Population
Missing hours	17.2 million
Missing from work	1.2 million
Missing from workforce	9.0 million
Total	**27.4 million**

Source: Current Population Survey, U.S. Bureau of Labor Statistics; occupation-level data from O*NET.

Employer survey

The employer survey was designed by Accenture and Harvard Business School's Project on Managing the Future of Work. It was fielded online in three countries—Germany, the U.K., and the U.S.—by a third-party firm between January and February 2020. The employer survey was, therefore, conducted pre-Covid-19 and before these economies went into lockdown. The survey was completed by 754 senior leaders in Germany, 761 senior leaders in the U.K., and 760 senior leaders in the U.S. (See Figure 2.) Employers were asked a variety of questions about their "low- to middle-skills" hires and their "high-skills" hires. In this report, we used the terms "middle skills" and "high skills" to refer to these groups.

Figure 2: Employer survey breakdown

2,275 **Total survey respondents**
- 754 — Germany
- 761 — United Kingdom
- 760 — United States

Revenue

Revenue	Percentage
$50 billion or more	32%
$20 billion–$49 billion	37%
$1 billion–$19 billion	22%
$50 million–$999 million	5%
$1 million–$49 million	3%

Company size

41% Midsized companies (50–999 employees)

59% Large companies (1,000+ employees)

CXO Title

24% SVP/VP HR	20% Chief Human Resources/Talent Officer or equivalent	22% Head of Human Resources/Talent or equivalent	19% CEO	15% Diversity and Inclusion Talent Lead, Senior Manager, or equivalent

31 Industries represented

28% Products	24% Communications, media and technology	19% Professional services	11% Financial services	6% Resources
			8% Health and public services	5% Other

Source: "Hidden Worker — Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.
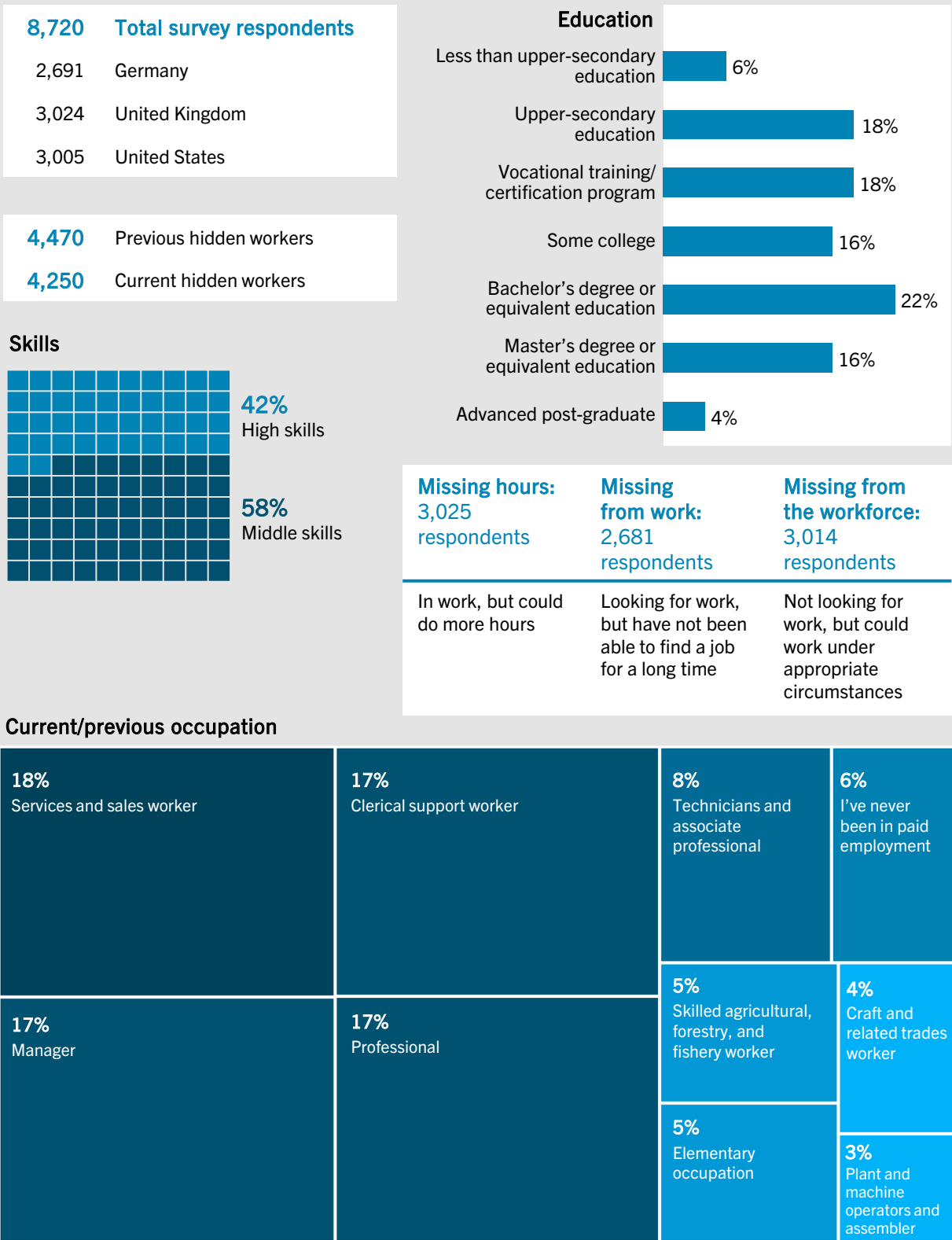
Worker survey

The worker survey was designed by Accenture and Harvard Business School's Project on Managing the Future of Work. It was fielded online in three countries—Germany, the U.K., and the U.S.—by a third-party firm between May and June 2020. The worker survey was, therefore, conducted post-Covid and after these economies went into lockdown. As the pandemic had resulted in large-scale unemployment, care was taken in the design of the survey instrument to nullify Covid-related unemployment. Workers were asked to consider their employment history before the impact of Covid-19 in answering all questions so that they would be filling out responses accurately. Frequent reminders were provided throughout the online survey process to ensure that responses were reported accurately. A section was added to the survey instrument to specifically understand the impact of Covid-19 on these workers in all three countries. The results of the impact of Covid-19 analysis was published on December 24, 2020, as a *Harvard Business Review* article on HBR.org, titled "How Businesses Can Find 'Hidden Workers.'"

The survey aimed to identify and understand issues facing hidden workers in terms of finding employment, their challenges and barriers to employment, and the kinds of employer practices required to meet their needs, as well as the effects of the Covid-19 pandemic on their job-search efforts. In addition to current hidden workers in our three groups (missing hours, missing from work, and missing from the workforce), the survey also focused on previous hidden workers—those who formerly fell into one of the three groups but have since found full-time employment. The survey used a number of filtering questions—about a worker's current employment status, the number of hours worked, prior employment status, length of unemployment, and reasons for unemployment or part-time work—to group the workers into one of the three hidden-worker groups and identify if a worker was a current hidden worker or a previous hidden worker. The survey was completed by close to an equal amount of previous hidden workers and current hidden workers. In each country, the survey was served to nearly 3,000 workers. (See Figure 3.)

This report details responses from "middle-skills" workers and "high-skills" workers. The workers were categorized as such based on their educational attainment. Those who selected "less than upper-secondary education," "upper secondary education," "vocational training/certificate program," or "some college" as their highest level of education achieved were classified as "middle skills," while those who selected "bachelor's degree or equivalent," "master's degree or equivalent," or "advanced post-graduate degree" as their highest level of education achieved were classified as "high skills."

Figure 3: Worker survey breakdown

8,720	**Total survey respondents**
2,691	Germany
3,024	United Kingdom
3,005	United States

4,470	Previous hidden workers
4,250	Current hidden workers

Skills

42% High skills

58% Middle skills

Education

Less than upper-secondary education	6%
Upper-secondary education	18%
Vocational training/ certification program	18%
Some college	16%
Bachelor's degree or equivalent education	22%
Master's degree or equivalent education	16%
Advanced post-graduate	4%

Missing hours: 3,025 respondents	**Missing from work:** 2,681 respondents	**Missing from the workforce:** 3,014 respondents
In work, but could do more hours	Looking for work, but have not been able to find a job for a long time	Not looking for work, but could work under appropriate circumstances

Current/previous occupation

18% Services and sales worker	**17%** Clerical support worker	**8%** Technicians and associate professional	**6%** I've never been in paid employment
17% Manager	**17%** Professional	**5%** Skilled agricultural, forestry, and fishery worker	**4%** Craft and related trades worker
		5% Elementary occupation	**3%** Plant and machine operators and assembler

Appendix II: Country comparisons

Both the employer and worker surveys were fielded in three countries: the United States, the United Kingdom, and Germany. The survey results discussed in this report are mainly reported at the aggregate level—that is, all three countries are represented. While many of the survey questions had similar responses across the three geographies, there were some notable differences between countries.

Employer survey

In the U.S. and the U.K., many more employers believed that it was easy for their organization to find the right talent and skills than employers who believed it was difficult to find the right talent. German employers struggled to find talent much more than U.S. and U.K. employers: Nearly a third of all employers in Germany reported that finding talent was difficult, compared to 11% of U.S. employers and 15% of U.K. employers. (See Figure 1.)

German employers also had the most trouble finding the right talent now, compared to three years ago: 49% of German employers reported it was more difficult to find talent now, compared to three years ago, while only 7% reported it was easier to find talent now than it was three years ago. U.S. employers were not struggling as
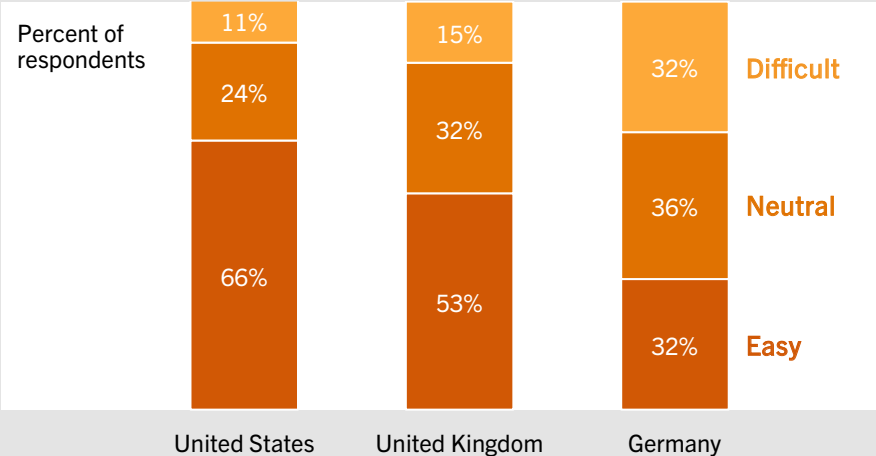
much—roughly as many employers in the U.S. said it was easier to find talent now, compared to three years ago (28%) as those who said it was more difficult to find talent now than three years ago (32%). In the U.K., 36% of employers said it was more difficult to find talent now, compared to three years ago, and 14% said it was easier now than three years ago.

German employers were also the most concerned with the difficulty of finding the right talent in the next three years—at all skill levels—more so than employers in the U.K. and the U.S. More U.S. employers reported that the quality of candidates, quantity of candidates, pace of recruiting, and diversity of candidates met their needs to ensure business success, compared to U.K. and German employers. For example, 54% of U.S. employers reported that the diversity of candidates met their needs, compared to only 39% of U.K. employers and 36% of German employers. (See Figure 2.)

U.S. employers were more concerned about the risks of hiring hidden workers, compared to employers in Germany and the U.K. More U.S. employers believed that hiring hidden workers increased their company's exposure to risk, made their organization less competitive,

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Figure 1: Ease in finding talent

How easy or difficult is it for your organization to find the right talent and skills to ensure the success of your business?

Percent of respondents

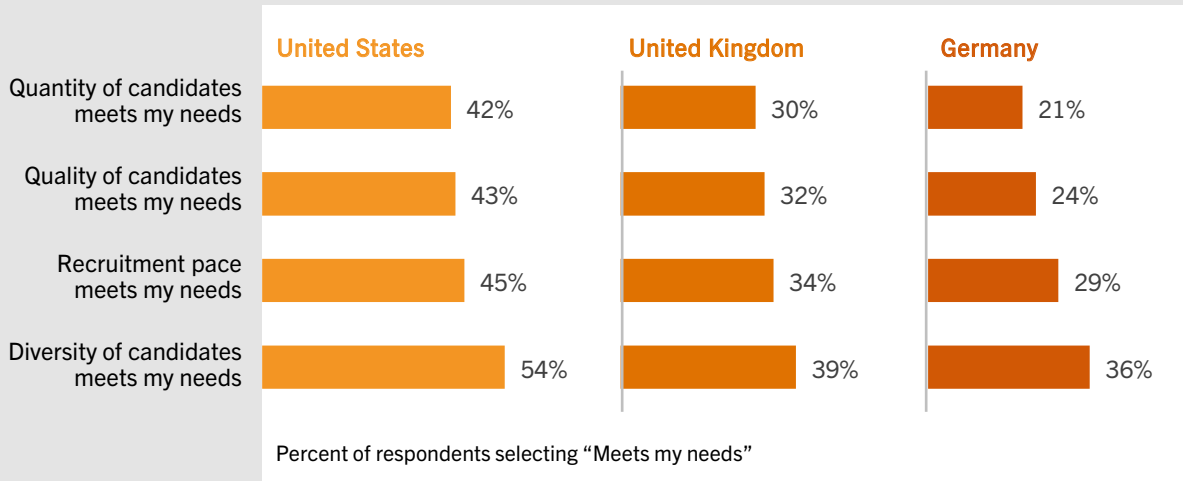|	United States	United Kingdom	Germany	
Difficult	11%	15%	32%	Difficult
Neutral	24%	32%	36%	Neutral
Easy	66%	53%	32%	Easy

Figures may not sum to 100% due to rounding.

Note: This question was asked on a scale of 1 (Very difficult) to 5 (Very easy). The percentages above combine all five responses: "Easy" = 4 + 5, "Neutral" = 3, and "Difficult" = 1 + 2.

Source: "Hidden Worker — Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

Figure 2: Ease in finding quality and diversity in talent

Can you find the quantity/quality/pace/diversity of candidates your organization needs to ensure the success of your business?

	United States	United Kingdom	Germany
Quantity of candidates meets my needs	42%	30%	21%
Quality of candidates meets my needs	43%	32%	24%
Recruitment pace meets my needs	45%	34%	29%
Diversity of candidates meets my needs	54%	39%	36%

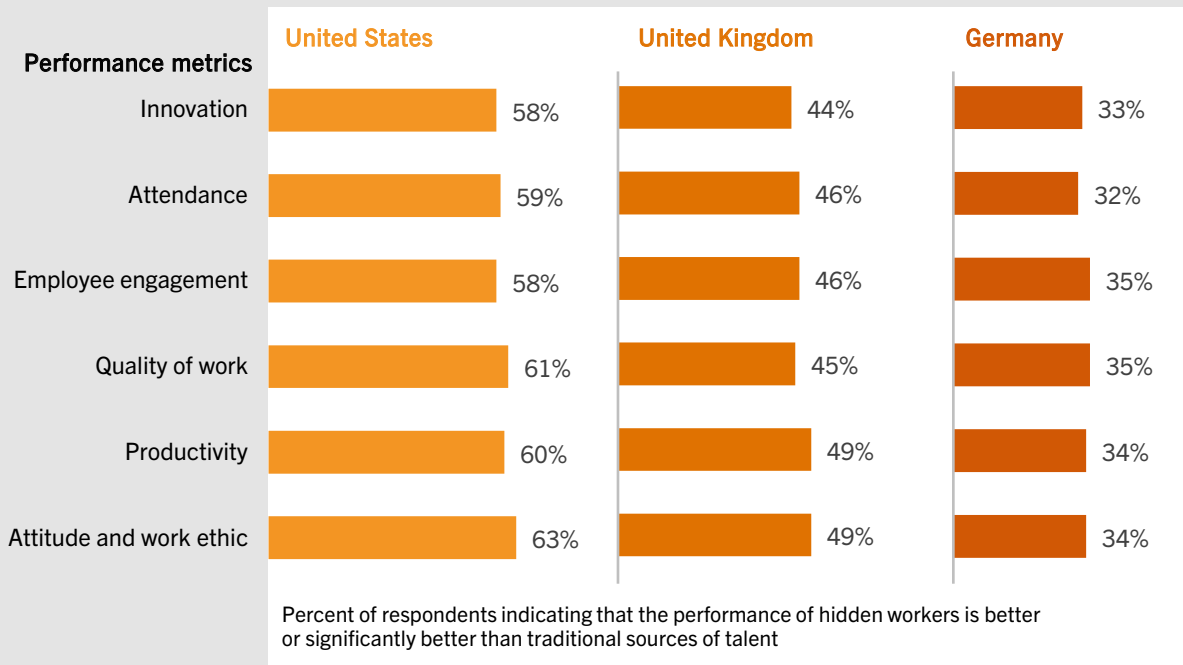Percent of respondents selecting "Meets my needs"

Note: Respondents were given the options of "quantity (or quality, pace, diversity) meets my needs," "quantity is less than what I need," or "quantity is much less than what I need." The chart above shows the percent of respondents selecting the "meets my needs" option.

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

Figure 3: Positive employer perceptions on hidden worker performance

Relative to traditional sources of talent, how would you compare the performance of workers from untapped talent pools on the following factors?

Performance metrics	United States	United Kingdom	Germany
Innovation	58%	44%	33%
Attendance	59%	46%	32%
Employee engagement	58%	46%	35%
Quality of work	61%	45%	35%
Productivity	60%	49%	34%
Attitude and work ethic	63%	49%	34%

Percent of respondents indicating that the performance of hidden workers is better or significantly better than traditional sources of talent

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

and contributed to negative financial returns, compared to German and U.K. employers. For instance, 62% of U.S. employers believed that hiring from untapped talent pools increased or significantly increased their organization's exposure to risk, compared to 52% of U.K. employers and 37% of German employers. Similarly, U.S. employers were the most likely to believe the cost of training, retaining, and hiring hidden workers was higher, compared to traditional sources of talent.

U.S. employers held more positive beliefs than employers in the U.K. and Germany about the performance of hidden workers, compared to traditional sources of talent. This included attributes such as attitude and work ethic, productivity, and quality of work; 61% of U.S. employers reported that the quality of work from hidden workers was better or significantly better than traditional sources of talent, compared to 45% of U.K. employers and 35% of German employers. (See Figure 3.) Additionally, 65% of U.S. employers believed that hidden workers were out of the workforce due to factors outside of their control, compared to 50% in the U.K. and 40% in Germany.

More U.S. employers than U.K. and German employers were satisfied with their company's process of designing job descriptions, including aligning the job title to the task, limiting academic and skills requirements to the
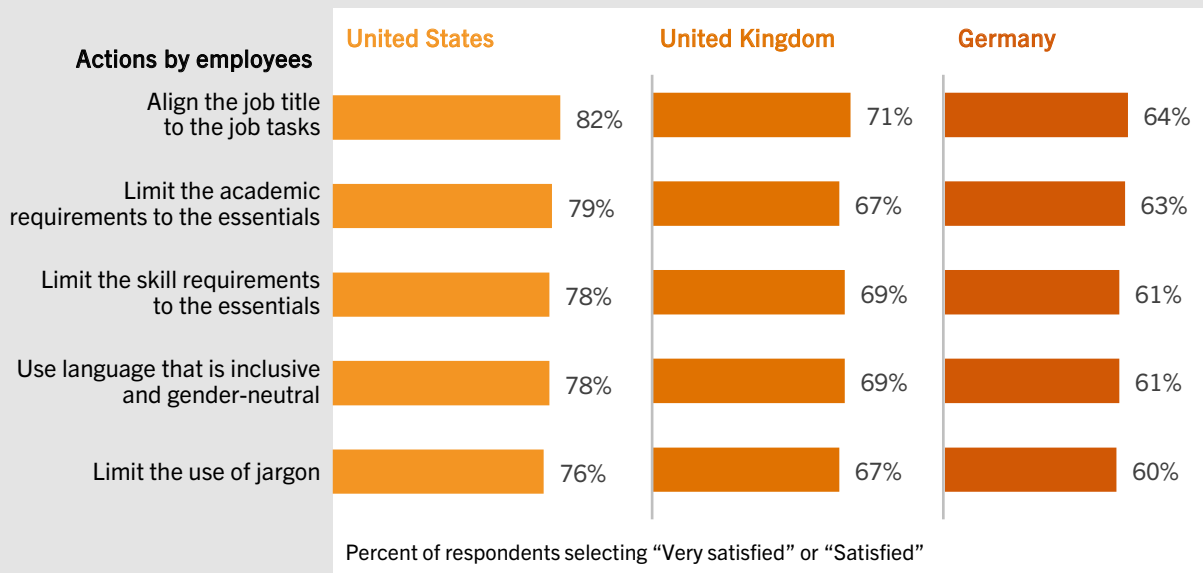
essentials, limiting the use of jargon, and using inclusive language; 78% of U.S. employers were satisfied or very satisfied with their organization's ability to limit skills requirements to the essentials, compared to 69% of U.K. employers and 61% of German employers. (See Figure 4.)

In all three countries, more than half of those surveyed reported that their organization set targets to ensure the consideration of candidates from diverse backgrounds. U.S. employers were the most likely to set these targets (68%), compared to 58% of German employers and 56% of U.K. employers. Among employers who reported using a separate hiring process/program to access untapped talent pools, U.S. employers were the most satisfied with the program's outcomes in terms of increasing diversity and getting access to the right quality and quantity of candidates. (See Figure 5.) Notably, 85% of U.S. employers were satisfied or very satisfied with the outcome of the separate hiring process designed to access untapped talent pools in terms of increasing the diversity of the workforce, compared to 76% in the U.K. and 63% in Germany.

More U.S. employers (75%) reported that their company used recruitment management systems than U.K. (58%) and German (54%) employers. In all three economies, very few employers believed that all or nearly all their middle-skills or high-skills hires over the past three

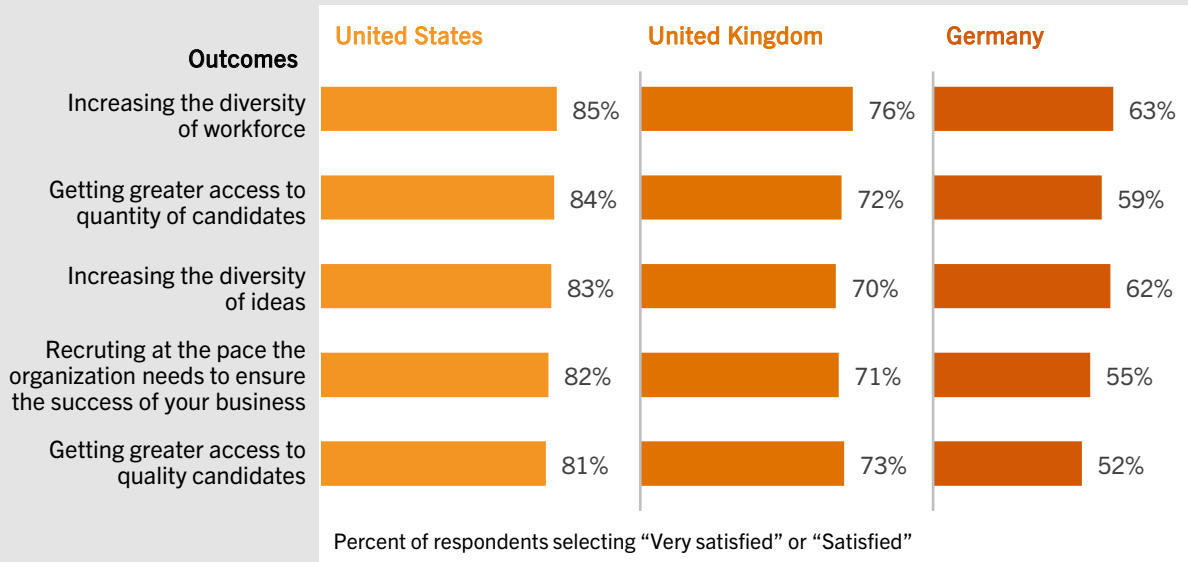## Figure 4: Satisfaction levels with company's job descriptions

When creating or updating job descriptions, how satisfied are you with your organization's ability to:

Actions by employees	United States	United Kingdom	Germany
Align the job title to the job tasks	82%	71%	64%
Limit the academic requirements to the essentials	79%	67%	63%
Limit the skill requirements to the essentials	78%	69%	61%
Use language that is inclusive and gender-neutral	78%	69%	61%
Limit the use of jargon	76%	67%	60%

Percent of respondents selecting "Very satisfied" or "Satisfied"

Source: "Hidden Worker — Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

years met all the requirements in the job postings. U.S. employers had the highest proportion believing these hires met all of the requirements (28% for middle-skills hires and 33% for high-skills hires), compared to U.K. employers (13% for middle-skills hires and 17% for high-skills hires) and German employers (9% for middle-skills hires and 14% for high-skills hires). (See Figure 6.)

Worker survey

German workers (36%) were much more likely to have completed vocational training or a certificate program, compared to workers from the U.K. (13%) or the U.S. (7%).

Among part-time workers—that is, those "missing hours"—workers in the U.K. and Germany were most likely to cite caregiving responsibilities as the reason for working part time (37% of German workers and 34% of U.K. workers, compared to 15% of U.S. workers), whereas workers in the U.S. were more likely to cite economic reasons (28% of U.S. workers) or being partly retired (26% of U.S. workers) as the reason for working part time. Among those not in paid employment (the "missing from work" and "missing from workforce" groups), German workers (49%) were most likely to cite being retired as the reason for not being employed, compared to only 11% of U.S. workers and 8% of U.K. workers. U.S. (39%) and U.K. (33%) workers were most likely to cite a disability and/

or mental health challenges as the reason for not being employed, compared to only 16% of German workers.
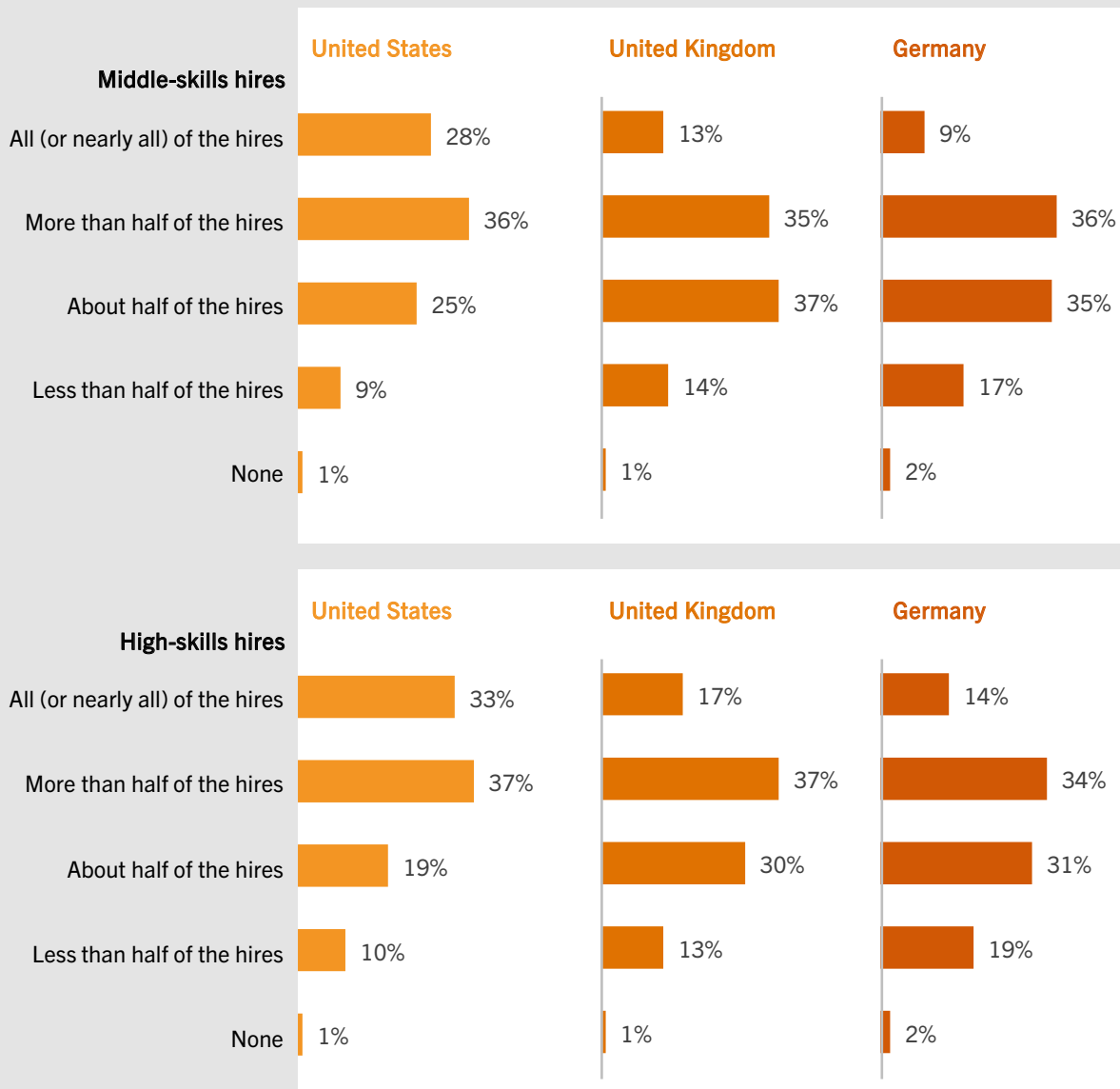
Workers in the three countries had similar responses as to whether certain situations applied to them, such as having caregiving responsibilities, not having a history of employment, having a physical disability, etc. (See Figure 7.) Key areas of differences between countries were: workers not having an advanced degree (fewer in Germany); workers suffering from mental health challenges (highest in the U.K.); and retired workers (highest in Germany).

When asked if they had applied to any jobs in the past five years, German workers were the least likely to say yes (58%), compared to 73% of U.S. workers and 78% of U.K. workers. Among those who had applied to any jobs in the past five years, the average number of jobs to which they applied varied greatly between the three countries: German workers applied to an average of 32 jobs, U.S. workers applied to an average of 117 jobs, and U.K. workers applied to an average of 173 jobs. Despite the large difference in the number of jobs applied to, the average number of full-time offers workers received from these applications did not vary much. (See Figure 8.)

In all three countries, a significant majority of workers were critical of employers' hiring practices. More than 85% of workers in all three countries believed that

Figure 6: Extent to which company hires meet requirements in job postings

What proportion of hires over the previous three years would you estimate met all of the requirements (e.g., academic requirements, years of experience) listed in your job postings?

Middle-skills hires

	United States	United Kingdom	Germany
All (or nearly all) of the hires	28%	13%	9%
More than half of the hires	36%	35%	36%
About half of the hires	25%	37%	35%
Less than half of the hires	9%	14%	17%
None	1%	1%	2%

High-skills hires

	United States	United Kingdom	Germany
All (or nearly all) of the hires	33%	17%	14%
More than half of the hires	37%	37%	34%
About half of the hires	19%	30%	31%
Less than half of the hires	10%	13%	19%
None	1%	1%	2%

Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020.

employers' hiring processes disqualified their application because they did not fit the exact criteria of the job description, even though they were capable of doing the job. (See Figure 9.)
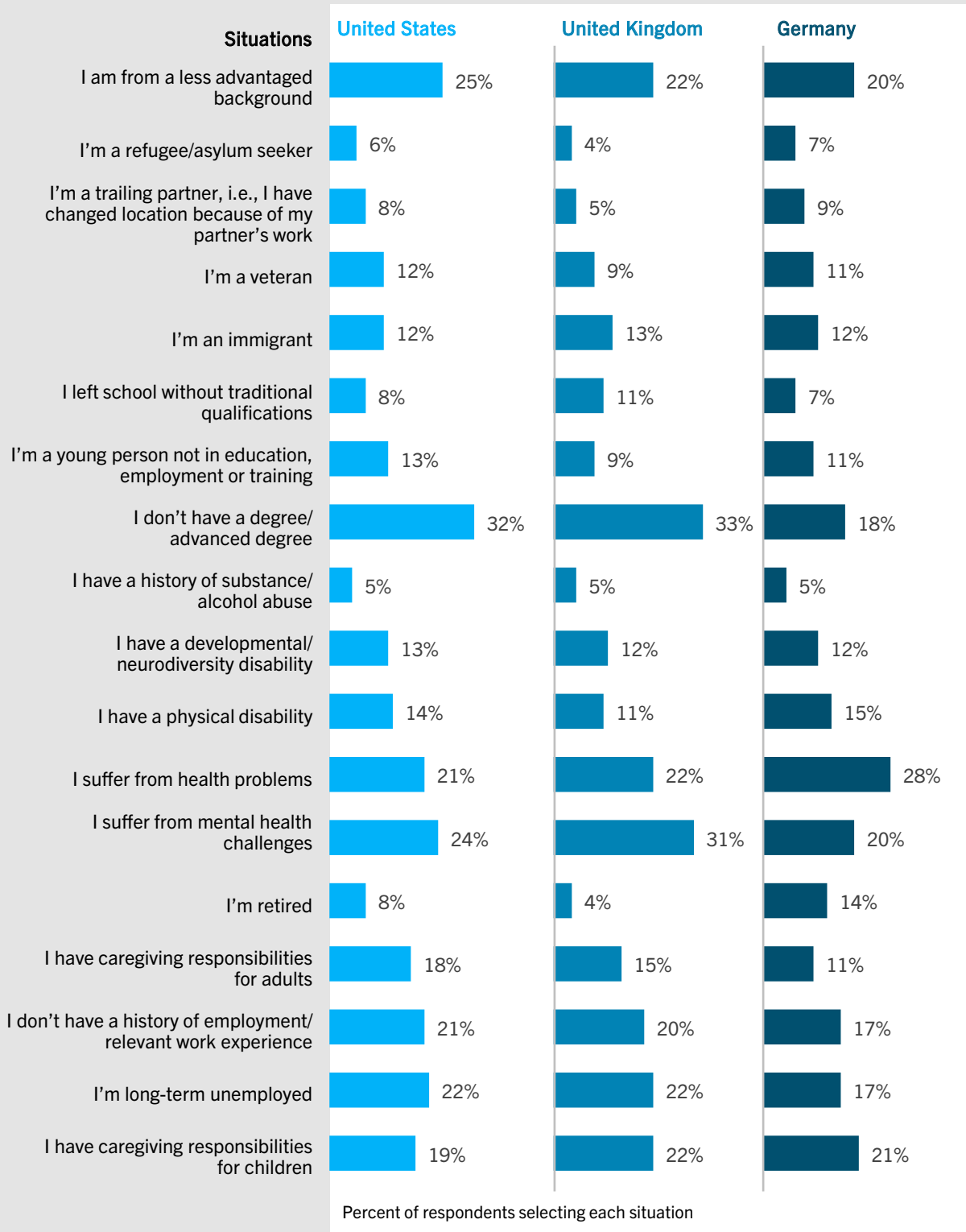
A key section of the worker survey focused on identifying which factors helped previous hidden workers to find full-time employment. In all three countries, supportive employer practices and policies was the most important reason for hidden workers re-joining the workforce (11%

of U.S. workers, 9% of U.K. workers, and 12% of German workers). (See Figure 10.)

Workers who were previously hidden but had later joined the workforce were given a list of employer actions and asked to select which were most helpful. These employer actions were presented for three different phases of the talent onboarding process: the application phase, the hiring phase, and the on-the-job support phase. (See Figure 11 for the full list of actions in each phase.) All the

Figure 7: Barriers to entering the workforce

Thinking back over your life, do any of the following situations apply to you?

Situations	United States	United Kingdom	Germany
I am from a less advantaged background	25%	22%	20%
I'm a refugee/asylum seeker	6%	4%	7%
I'm a trailing partner, i.e., I have changed location because of my partner's work	8%	5%	9%
I'm a veteran	12%	9%	11%
I'm an immigrant	12%	13%	12%
I left school without traditional qualifications	8%	11%	7%
I'm a young person not in education, employment or training	13%	9%	11%
I don't have a degree/advanced degree	32%	33%	18%
I have a history of substance/alcohol abuse	5%	5%	5%
I have a developmental/neurodiversity disability	13%	12%	12%
I have a physical disability	14%	11%	15%
I suffer from health problems	21%	22%	28%
I suffer from mental health challenges	24%	31%	20%
I'm retired	8%	4%	14%
I have caregiving responsibilities for adults	18%	15%	11%
I don't have a history of employment/relevant work experience	21%	20%	17%
I'm long-term unemployed	22%	22%	17%
I have caregiving responsibilities for children	19%	22%	21%

Percent of respondents selecting each situation

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

58

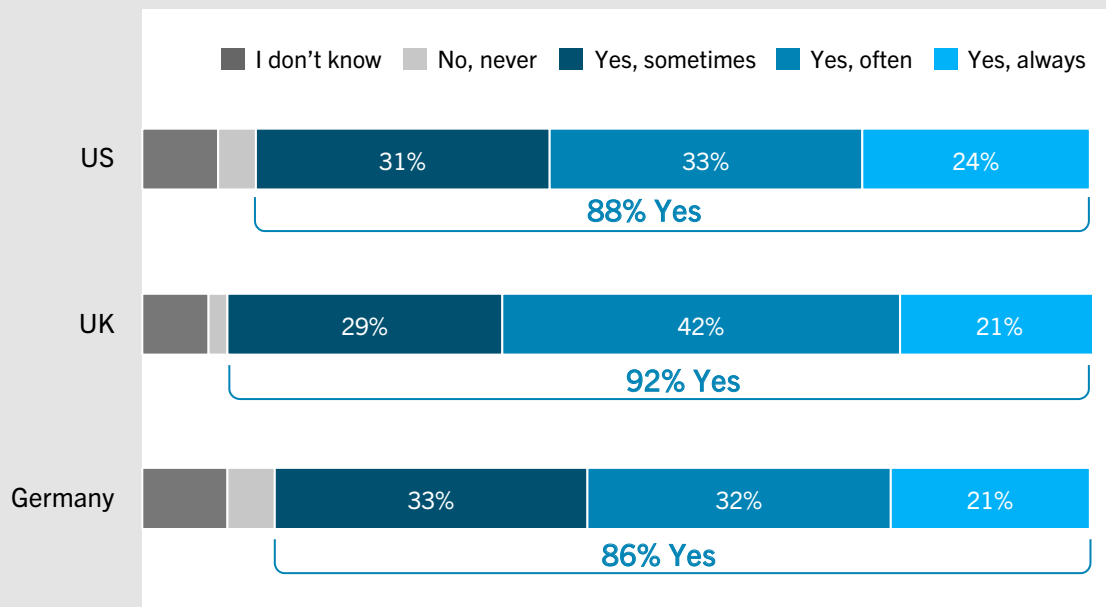## Figure 8: Jobs applied to versus offers received

	U.S.	U.K.	Germany
Average number of jobs applied to in the past five years	117	173	32
Average number of full-time job offers received	1.74	2.64	1.84

Note: Only those who reported that they had applied to any job in the past five years answered these questions.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 9: Dissatisfaction with employer hiring practices

Do you think employers' hiring processes discard your application when you could successfully perform the job, but don't fit the exact criteria in the job description?

Legend: ■ I don't know ■ No, never ■ Yes, sometimes ■ Yes, often ■ Yes, always

US: 31% / 33% / 24% — 88% Yes
UK: 29% / 42% / 21% — 92% Yes
Germany: 33% / 32% / 21% — 86% Yes

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.
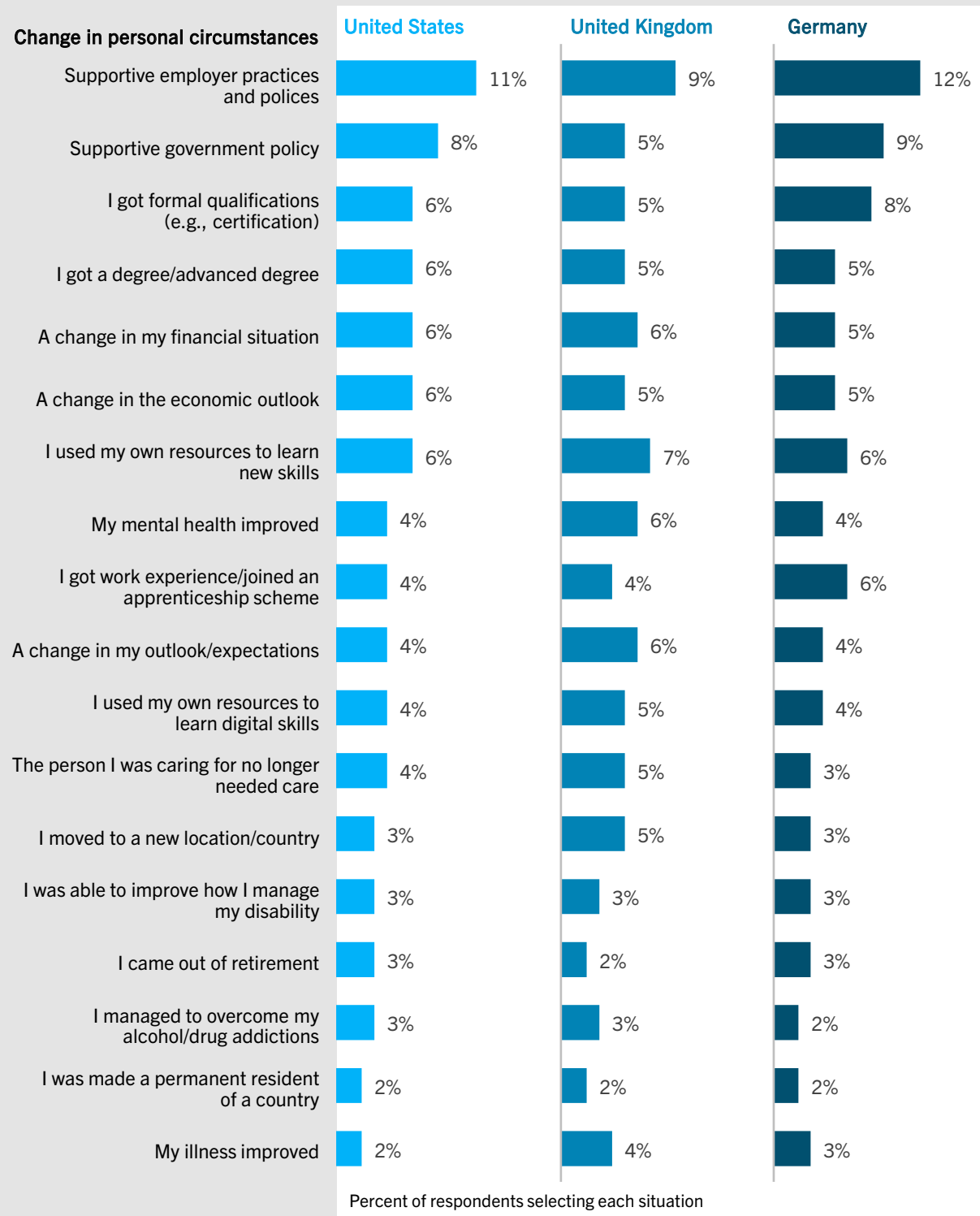
actions in the application and on-the-job support phases showed similar responses among the three countries. For example, during the application phase, 61% of U.S. workers, 63% of U.K. workers, and 63% of German workers reported that an easy job application process was helpful or very helpful. For on-the-job support, 57% of U.S. workers, 55% of U.K. workers, and 60% of German workers reported that flexible working arrangements were helpful or very helpful. However, for employer practices during the hiring phase, German workers were the most likely to say that these practices were helpful to them in finding employment, while U.K. workers were the least likely to select these practices as helpful. For instance, 55% of German workers reported that not having

background checks during the hiring phase was helpful or very helpful, compared to 45% of U.S. workers and 39% of U.K. workers.

In terms of actions taken to find employment, German workers emerged as more active, compared to U.S. and U.K. workers. (See Figure 12.) This was especially true for those undertaking an apprenticeship—61% of German workers reported undertaking an apprenticeship, compared to just 24% of U.K. workers and 23% of U.S. workers.

Figure 10: Actions that led to finding work

What was the most important reason that triggered a change in your personal circumstances leading you to find work?

Change in personal circumstances	United States	United Kingdom	Germany
Supportive employer practices and polices	11%	9%	12%
Supportive government policy	8%	5%	9%
I got formal qualifications (e.g., certification)	6%	5%	8%
I got a degree/advanced degree	6%	5%	5%
A change in my financial situation	6%	6%	5%
A change in the economic outlook	6%	5%	5%
I used my own resources to learn new skills	6%	7%	6%
My mental health improved	4%	6%	4%
I got work experience/joined an apprenticeship scheme	4%	4%	6%
A change in my outlook/expectations	4%	6%	4%
I used my own resources to learn digital skills	4%	5%	4%
The person I was caring for no longer needed care	4%	5%	3%
I moved to a new location/country	3%	5%	3%
I was able to improve how I manage my disability	3%	3%	3%
I came out of retirement	3%	2%	3%
I managed to overcome my alcohol/drug addictions	3%	3%	2%
I was made a permanent resident of a country	2%	2%	2%
My illness improved	2%	4%	3%

Percent of respondents selecting each situation

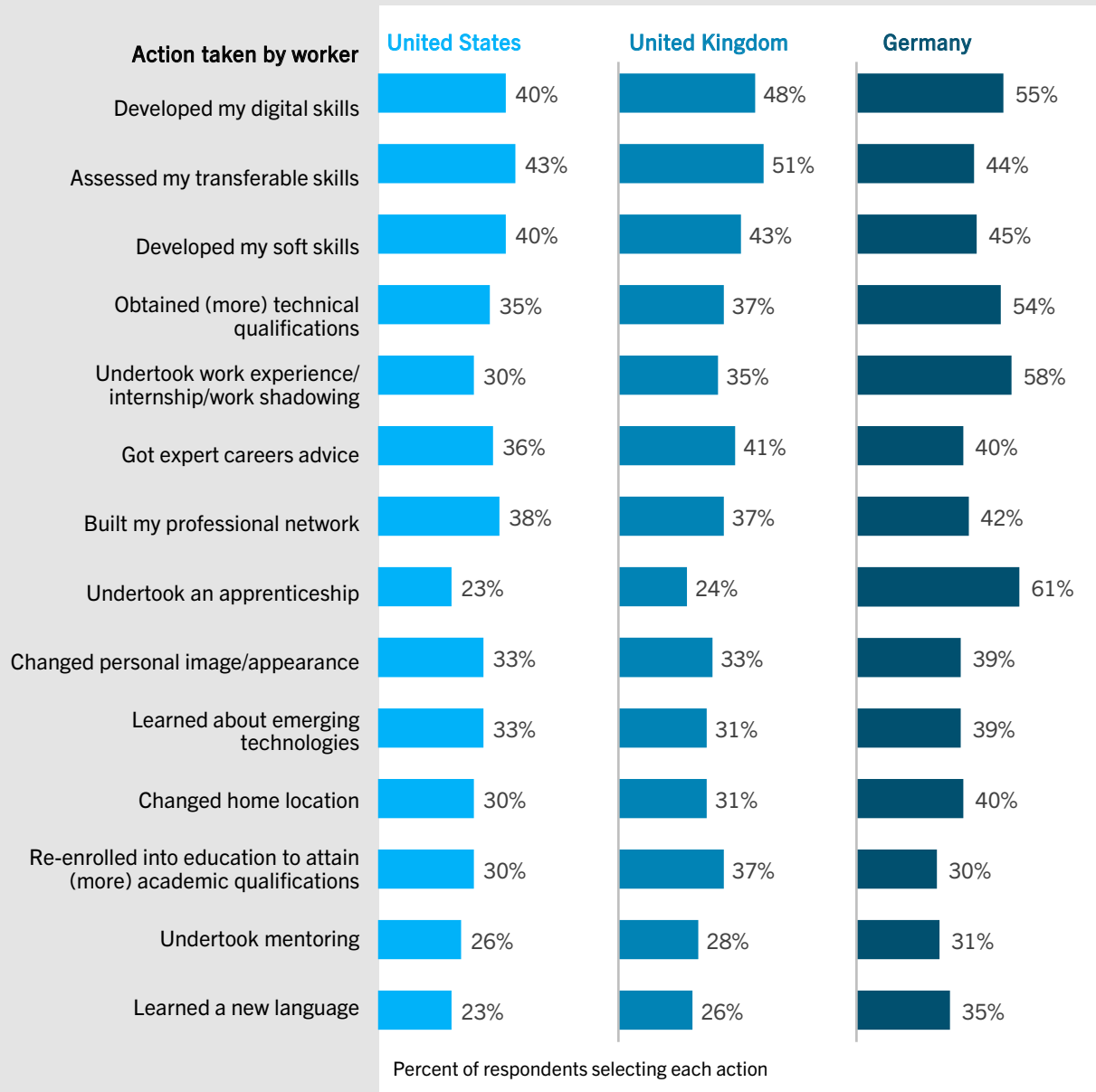Note: Only previous hidden workers answered this question.

Figure 11: Employer practices that helped workers find employment

What kind of employer practices helped you in finding work during the hiring phase?

- Easy job application process
- Jargon-free and easy-to-understand job descriptions
- Link to good information and advice on jobs
- Employers sourcing candidates in non-traditional ways
- Showcasing diverse talent in the company
- Networking events

What kind of employer practices helped you in finding work during the application phase?

- Work experience/internship/work shadowing
- Not requiring academic qualifications and/or work experience
- Apprenticeships
- Considering other forms of experience
- No pre-employment assessments
- Interview training
- Option to voluntary self-identify on the job application
- Not having background checks
- Not having drug testing policies

What kind of employer practices helped you in supporting you on the job?

- Flexible working
- Training/re-skilling for current and future jobs
- Supportive leadership team
- Policies supporting work-life balance
- Adoption of digital technologies
- 5-10 days additional paid leave
- Supportive physical workplace environment
- Peer support network
- Free transportation to commute to work
- Policies supporting diversity
- Re-designing work
- Out-of-the-box compensation benefits
- Education/awareness programs to champion cultural change within the organization
- Subsidized childcare/on-site childcare
- Unpaid long-term leave

Note: Only previous hidden workers answered this question.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Figure 12: Actions taken by workers to find employment

Have you taken any of the following actions to find paid employment?

Action taken by worker	United States	United Kingdom	Germany
Developed my digital skills	40%	48%	55%
Assessed my transferable skills	43%	51%	44%
Developed my soft skills	40%	43%	45%
Obtained (more) technical qualifications	35%	37%	54%
Undertook work experience/internship/work shadowing	30%	35%	58%
Got expert careers advice	36%	41%	40%
Built my professional network	38%	37%	42%
Undertook an apprenticeship	23%	24%	61%
Changed personal image/appearance	33%	33%	39%
Learned about emerging technologies	33%	31%	39%
Changed home location	30%	31%	40%
Re-enrolled into education to attain (more) academic qualifications	30%	37%	30%
Undertook mentoring	26%	28%	31%
Learned a new language	23%	26%	35%

Percent of respondents selecting each action

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Appendix III: Impact of Covid-19 on hidden workers

The worker survey was ready for launch in early 2020. But the effects of Covid-19 became widespread in the United States, the United Kingdom, and Germany before it could be fielded. As countries locked down, many workers were suddenly laid off or furloughed. Many others transitioned to remote work. With the state of employment or unemployment in flux, we decided to delay the launch of the worker survey.

Over several weeks, we made significant changes to the survey. First, in order to ensure that the responses from workers were true to their employment/non-employed status pre-Covid, the entire survey instrument was revised. Questions were rewritten and time periods clarified to make it very clear to the respondents that we were seeking data on their work history before Covid. Reminders were added throughout the survey to ensure respondents responded accurately. Those measures were tested with a small sample of workers to make sure that there was no confusion.

Second, it was critical to understand how Covid-19 was affecting the workers being surveyed in the three countries. A new section on the impact of Covid-19 was designed and appended to the survey instrument. The revised worker survey was fielded from May to June 2020.

As expected, the results showed that Covid-19 was exacerbating the challenges faced by hidden workers. To bring the findings to the attention of policymakers and business leaders as soon as possible, a short analysis was published in December 2020 in an online article at *Harvard Business Review* titled "How Businesses Can Find 'Hidden Workers'." The findings of the Covid-19 analysis are provided below:

Finding work during the pandemic

- A significant majority of hidden workers (95%) struggled to find work opportunities during the pandemic. Of these, 54% reported the pandemic made it harder to find work opportunities;

- However, 41% of workers reported the pandemic made it neither harder nor easier to find work opportunities, demonstrating how significant the barriers to gaining employment are for hidden workers;

- In a separate question, 60% of hidden workers also reported that they began looking for new opportunities during Covid;

- The majority of workers in all three countries reported that half or more of the jobs they were qualified for disappeared during the pandemic. (See Figure 1.)

Figure 1: A number of potential jobs have disappeared during the pandemic

Since the pandemic began, how many jobs have disappeared that you were qualified for?
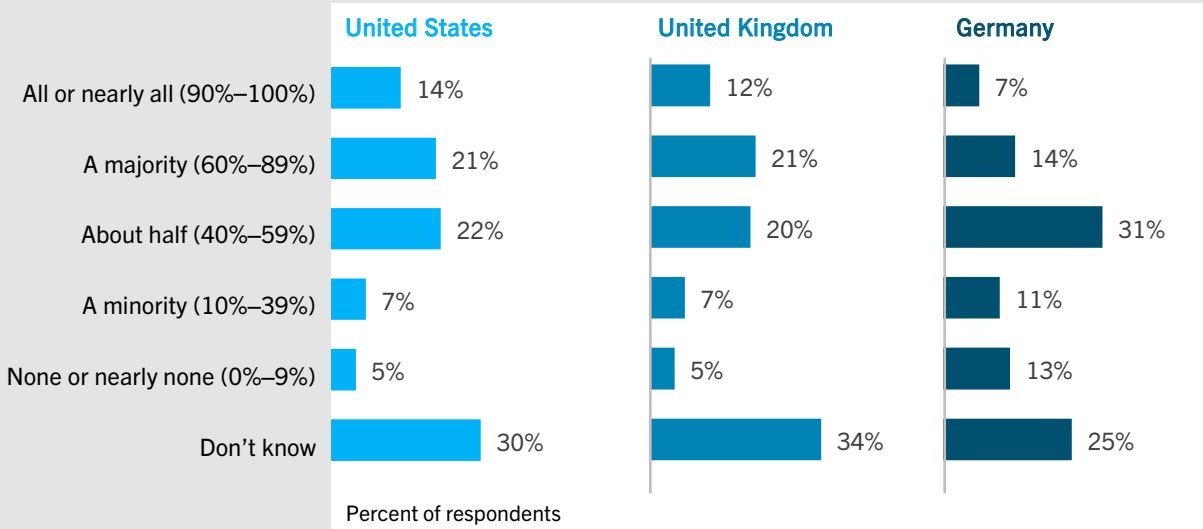
	United States	United Kingdom	Germany
All or nearly all (90%–100%)	14%	12%	7%
A majority (60%–89%)	21%	21%	14%
About half (40%–59%)	22%	20%	31%
A minority (10%–39%)	7%	7%	11%
None or nearly none (0%–9%)	5%	5%	13%
Don't know	30%	34%	25%

Percent of respondents

Note: Percentages may not sum to 100 due to rounding.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.
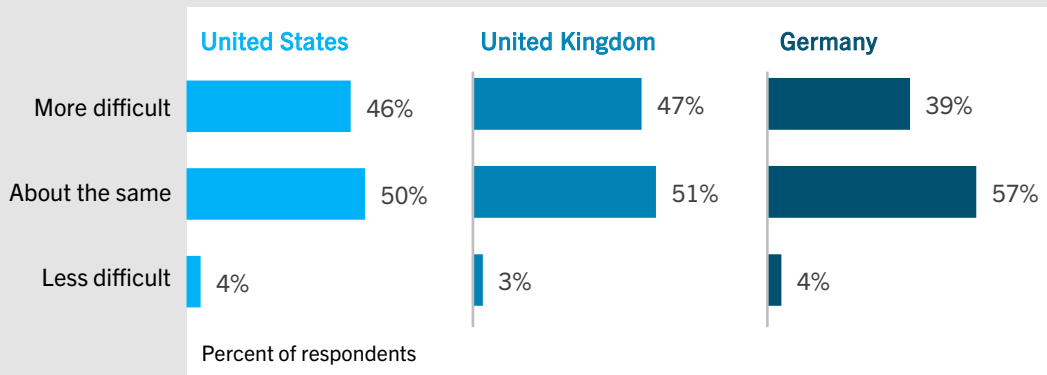
At the time of the survey, May–June 2020, two-thirds of workers reported they would take a job regardless of the risk of Covid: 37% reported they would take a job if there was modest or slight risk of Covid, and 31% would take a job regardless of any risk. Workers in Germany were the most likely to report that they would take a job regardless of the risk of Covid (42%) compared to U.S. workers (28%) and U.K. workers (23%).

Government support

At the time this survey was conducted, 56% of workers, overall, reported that they were eligible for financial support from the government. However, only 26% had actually accessed that support. The responses varied by country. Many more U.S. workers reported being eligible for support than U.K. and German workers. (See Figure 2.) Similarly, more high-skills workers reported being eligible for support (65%) than middle-skills workers (49%). Middle-skills workers were more likely to not know

if they were eligible (17%) than high-skills workers (9%). Current hidden workers were more likely to report not being eligible for support (44%) compared to previously hidden workers who are now in full-time employment (18%).

Only 21% of workers reported that these government support policies completely addressed their needs; 36% responded that their needs were somewhat addressed; 23% reported their needs were not at all addressed; and 20% did not know. More high-skills workers reported that their needs were completely addressed (28%) than middle-skills workers (16%).

Only one-third (32%) of workers felt represented by the leaders making decisions about Covid-19 policies. More high-skills workers (41%) felt represented than middle-skills workers (25%). Current hidden workers were much less likely to feel represented (19%) than previous hidden workers (45%).

Figure 2: Accessing financial government support

Are you eligible to access financial support from the government (e.g., unemployment insurance, stimulus checks)?
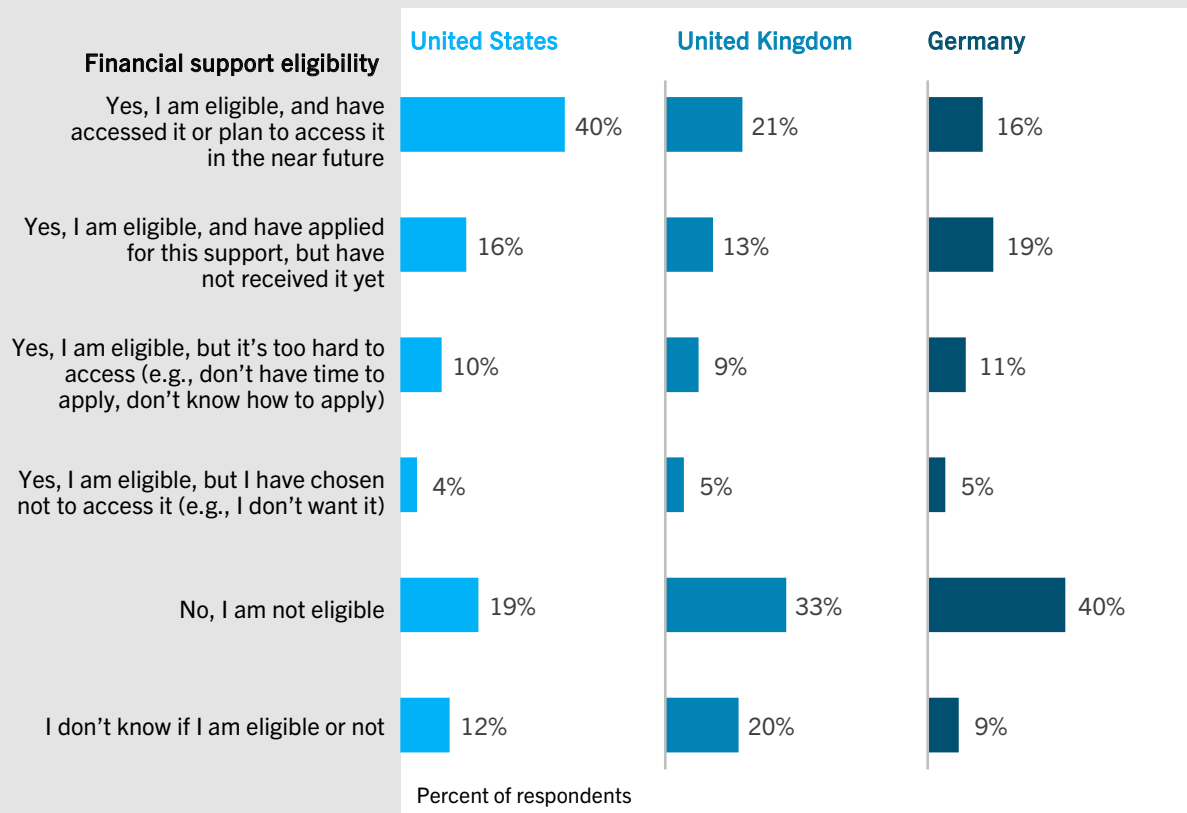
Financial support eligibility	United States	United Kingdom	Germany
Yes, I am eligible, and have accessed it or plan to access it in the near future	40%	21%	16%
Yes, I am eligible, and have applied for this support, but have not received it yet	16%	13%	19%
Yes, I am eligible, but it's too hard to access (e.g., don't have time to apply, don't know how to apply)	10%	9%	11%
Yes, I am eligible, but I have chosen not to access it (e.g., I don't want it)	4%	5%	5%
No, I am not eligible	19%	33%	40%
I don't know if I am eligible or not	12%	20%	9%

Percent of respondents

Note: Percentages may not sum to 100 due to rounding.

Source: "Hidden Worker – Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

Barriers to employment

Nearly all (97%) of the current hidden workers reported that the barriers to employment they faced were either the same (52%) or more difficult (45%) during the pandemic. Both high-skills and middle-skills workers reported similar patterns. Workers in all three countries reported facing difficulties. (See Figure 3.)

A third of workers (31%) reported needing more support from an employer to find work or work more hours as a result of Covid-19.

Figure 3: Barriers to employment during the pandemic

Since the Covid-19 pandemic began, do you think the barriers you face with finding work/working more hours have become:

	United States	United Kingdom	Germany
More difficult	46%	47%	39%
About the same	50%	51%	57%
Less difficult	4%	3%	4%

Percent of respondents

Note: Percentages may not sum to 100 due to rounding.

Source: "Hidden Worker — Worker Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, May-June 2020.

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