

Hiring

How Businesses Can Find “Hidden Workers”

by Joseph Fuller, Manjari Raman, Eva Sage-Gavin, and Ladan Davarzani

December 24, 2020



FilippoBacci/ Getty Images

Summary. Even before the Covid-19 pandemic, low- and middle-skill workers struggled to find and retain steady work. Now, many of these workers are considered “essential,” while many others are unemployed and struggling to find work. As the pandemic eases throughout... [**more**](#)

The Covid-19 pandemic exposed who the real “essential” workers are — often low- and middle-skills workers like grocery store employees, health care aides who care for Covid-19 patients separated from their

families, and warehouse workers who package and ship goods. It also revealed that low- and middle-skills workers in particular were acutely vulnerable when large swaths of the economy suddenly shut down; today, these individuals may be less likely to find stable work after a layoff and more likely to struggle paying their bills, rent, or mortgage compared to higher-skills workers.

While the pandemic help illuminated these gaps, they're not new. In 2019, well before Covid-19 shut down the global economy, HBS' Project on Managing the Future of Work joined with Accenture to embark on a research journey to understand this group — particularly those who want to work but have been shut out of the workforce, or those with a job who could work more hours under the right circumstances. At the time, we were intrigued by the skills gap companies complained of, even as millions of Americans were out of work or wanted more steady, stable employment. In June 2019, for example, employers posted 7.3 million job openings — while more almost 12 million working-age Americans were unemployed or underemployed

We called these workers “hidden workers” because they are a talent pool in plain sight with the potential to be hired, but for one reason or another are unable to make the transition into the workforce. Because these individuals don't fit the profile of “the perfect candidate,” they struggle to make the cut for even an interview—leave alone getting steady jobs. With repeated rejections, many get frustrated and abandon the search for work altogether. Even if they do get hired, they struggle to secure the number of hours or type of jobs they would like. But for companies with open positions—especially those positions that are essential to business success and are hard to fill — these workers are a crucial, underutilized resource. Accessing hidden workers however, requires a shift in attitude. Instead of filtering out those who do not fit, companies need to focus on who has the skills they urgently need. When companies adapt their one-size-fits-all hiring practices to a more targeted, skills-based approach, they open up a path to the untapped and oft-forgotten labor pool of hidden workers.

As we began researching hidden workers in three countries — the U.S., UK, and Germany — it became clear that the broad category of hidden workers incorporates multiple segments. Each type of hidden worker has one or more barriers that prevent them from matching an employer's profile of a "viable" candidate. Consider several different types of long-term unemployed and discouraged workers in these economies:

- Veterans, who have many of the skills that are in high demand — from underwater welding to emergency nursing care — but who are not hired in civilian jobs because they lack the necessary licenses.
- Caregivers — most of them women, but also men — who are forced to drop out of full-time and part-time work because they are needed at home to provide childcare, eldercare, or both.
- The formerly incarcerated or recovered substance abusers who do not even get past the application stage.
- Those with health issues — physical or mental — are often pre-judged and not considered for positions.
- Older workers who bring experience and skills but are considered an expensive burden.
- Immigrants and refugees who have credentials from their home countries but struggle to get hired because they lack language skills.

At the time, even though 2019 was a year of historically low unemployment in the U.S., we estimated that America was home to more than 28 million hidden workers. We observed similar phenomena in the UK and Germany.

Then the pandemic began shutting down nations in early 2020. We feared that these workers would be most vulnerable to the economic chaos. To understand the impact of Covid-19 on hidden workers, we surveyed nearly 9,000 workers in the U.S., UK, and Germany in May–June 2020.

The survey results confirmed our apprehensions, especially for the low- and middle-skill hidden workers. And yet they also reveal that, while the pandemic made things worse, this is a group long-neglected and unsupported by employers and social safety nets:

- **They struggle to find a secure livelihood.** The lives of these workers pre-Covid-19 were as challenging as their lives during Covid-19. An astounding 44% of low- and middle-skill workers reported that finding work was *just as hard* pre-Covid-19 as it was during our Covid-19 survey period. Less surprisingly, 52% reported that finding work had become *even more challenging* for them during the pandemic.
- **They struggle to fit the definition of an ideal hire.** Respondents were asked to choose barriers that prevented them from finding work. The most common included difficulties in their personal situation, such as caregiving responsibilities; a lack of the right education or skills; a lack of fit due to language or cultural or social issues; a lack of support from employers in terms of policies for paid leave or flexible working hours; and a lack of jobs and opportunity where they lived. Taken together, almost all the workers (97%) reported that the specific barriers that prevented them from finding work pre-Covid-19 were either equally difficult (54%) or more difficult (43%) during Covid-19.
- **They are willing to risk Covid-19.** Desperate to find work, many hidden workers were willing to incur risk to themselves and their families. More than 60% of workers were willing to take up a job even if it put them at some (36%) or significant (28%) risk of contracting or spreading Covid-19. A clear understanding that the pandemic was shrinking the pool of jobs available to them contributed to this behavior. Nearly a third of the workers (29%) believed that a majority or all of the jobs they were qualified for had disappeared. More than a third (35%) said they didn't know whether the jobs they were qualified for had disappeared or not. While these workers are eager to find work, their desperation underscores their vulnerability — and is a stark reminder for

employers and policy makers to provide adequate health and safety measures for these individuals.

- **They lack of access to stimulus aid.** A majority of the low and middle-skilled workers surveyed (72%) said that the first rounds of stimulus aid had not benefited them, for one reason or another: 34% of hidden workers believed that they were not eligible for government support, 17% said they didn't know whether they were eligible, 10% found it too hard to apply for aid, and an additional 11% had applied but not received any financial support from the government. Only 24% of those surveyed reported they had received support.
- **They believe that no one cares.** Marginalized, discouraged, and largely out of the full-time workforce, hidden workers continued to feel unseen, unheard, and uncared for after Covid-19 shut down cities and countries. When asked if they felt represented by the leaders making decisions on the pandemic, a majority (75%) either responded with a flat "no" or said that they were not sure. Their acknowledgment magnified their feelings that they represented the segment of the population most hurt by the economic impact of Covid-19: 53% believed low-income households were the hardest hit.

These findings should be deeply concerning to both business leaders and policymakers. A large pool of hidden workers signals many missed opportunities. It shows that the economy is not doing a good job of encouraging their labor force participation, closing skills gaps, or boosting productivity.

For businesses, as they prepare for some semblance of normalcy in 2021 or 2022, it's a chance to revisit their hiring and retention strategies. The pandemic will exacerbate dangerous levels of economic inequality already evident in most of the developed world. Businesses can help solve the problem by finding ways to access the skills of hidden workers. Hot Chicken Takeover, a small business based in Columbus, Ohio, has developed a whole new innovative business model to hire, retain, and grow the careers of workers who

might have been previously incarcerated or recovering from substance abuse. And a large employer like CVS Health realized that if Americans with disabilities make up nearly one-fifth of the total population, the company will need to do more to attract the talent it needs. The company created an Abilities in Abundance program to systematically identify the employment barriers it had inadvertently erected in its practices, and then went about dismantling the barriers. One key change: CVS Health restructured its training programs to make them more accessible to those with disabilities.

In both of these cases, the company did not pay lip-service to a social responsibility cause, or to generate good PR. They made hiring hidden workers a key piece of their strategy to attract talent and find people with the right skills. They revisited their practices to not just filter for “the perfect candidate,” but to focus on skills-based hiring.

Meanwhile, policymakers need to understand that large populations of hidden workers existed before the pandemic and that existing social programs and benefits had not helped them gain and sustain employment. Because of this, stimulus benefits should not ignore the chronically unemployed. Public policies, such as helping workers to combine family and work life, can also encourage employers to remove barriers to help hidden workers enter and stay in the labor market.

Finally, in the longer term, structural forces that contribute heavily to the marginalization of hidden workers, ranging from the lack of affordable and credible caregiving resources or accessible mental health support, must be addressed if the lives of tens of millions of hidden workers are to be improved.

While our research on hidden workers began before anyone knew about Covid-19, the pandemic has shed a spotlight on both their plight as well as their potential. In 2021, there is a chance to build a better economy. Companies will seek people to hire with hard-to-find skills — and many hidden workers are willing, able, and available to

fill those positions right in their corporate backyard. They simply have to widen their perspective to see the talent that is waiting in plain sight to get to work.

JF

Joseph Fuller is a professor of management practice and a cochair of the Project on Managing the Future of Work at Harvard Business School. He is also the faculty co-chair of HBS' executive education program on Leading an Agile Workforce Transformation.

MR

Manjari Raman is a program director and senior researcher for Harvard Business School's Project on U.S. Competitiveness and the Project on Managing the Future of Work.

ES

Eva Sage-Gavin leads Accenture's Talent & Organization practice.

LD

Ladan Davarzani is a senior principal with Accenture Research.