

The logo for SRM Foundation, featuring the letters 'SRM' in white on a blue square background, followed by the word 'Foundation' in white text.The Walmart.org logo, featuring the word 'Walmart' in white, a yellow six-pointed starburst icon, and the word 'org' in yellow.A welder is shown in a dark industrial environment, focused on his work. He is wearing a high-visibility yellow safety jacket with reflective strips, safety glasses, and large yellow earplugs. He is using a welding tool, and a bright burst of sparks is visible from the point of contact. The background is dark and out of focus, showing some industrial structures.

# BENEATH THE SURFACE

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A Unified Approach To Realizing The Value Of Untapped Talent



# THE PANDEMIC PARADOX

Prior to the Covid-19 pandemic, U.S. businesses were experiencing one of the tightest talent markets in history, with many organizations struggling to find and retain the employees they needed to succeed. As the country comes to grips with the impact that Covid-19 has had on the economy and the state of the labor market, organizations are still confronting a mismatch between the talent they need in a new economy and what they are finding in the marketplace.

While unemployment is beginning to decrease as the economy stabilizes and recession begins to recede, there are stubborn talent gaps that have persisted from well before the pandemic. Organizations are now reckoning with the fact that these gaps were not just the result of a tight talent marketplace, but of a lack of organizational investment in diversity, equity, and inclusion (DEI) and will require more innovative HR practices to solve.

One of the most effective and least-utilized solutions to these gaps<sup>1</sup> are untapped talent pools: those workers who may not be in the standard consideration set when businesses seek talent, due to perceived barriers related to one or more demographic characteristics. Untapped talent pools such as veterans, military spouses and caregivers, individuals aged 60 or older, disabled workers, those with a criminal record, and non-student unemployed youth all present unique opportunities and value to organizations willing to make the effort to seek them out. Even prior to the global pandemic many of these workers struggled to find the work and wages they need to survive and thrive as a result of a plethora of barriers to employment. For example, prior to Covid-19, the unemployment rate for individuals with disabilities was double that of peers without<sup>2</sup> and only 13% of organizations have disability-specific inclusion initiatives<sup>3</sup>. Organizations must do their part to ensure that these populations aren't left behind.

For employers to remain competitive and continue with a more equitable post-Covid recovery, bringing untapped talent to the forefront of recruitment and hiring will be of paramount importance. The SHRM Foundation, in partnership with Walmart, surveyed the American workforce about untapped talent pools to gain a fuller understanding of the state of the inclusion of these groups in the U.S. workforce. SHRM and the SHRM Foundation believe that inclusion plays an integral role in the development of social and economic change in the workplace, and that inclusivity opens the door to more opportunity to foster mutually beneficial work environments, where both businesses and employees can thrive—during the pandemic and after.

<sup>1</sup> <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/skills-gap-2019.aspx>

<sup>2</sup> [https://www.bls.gov/news.release/archives/empsit\\_10042019.pdf](https://www.bls.gov/news.release/archives/empsit_10042019.pdf)

<sup>3</sup> <https://www.employingabilities.org>

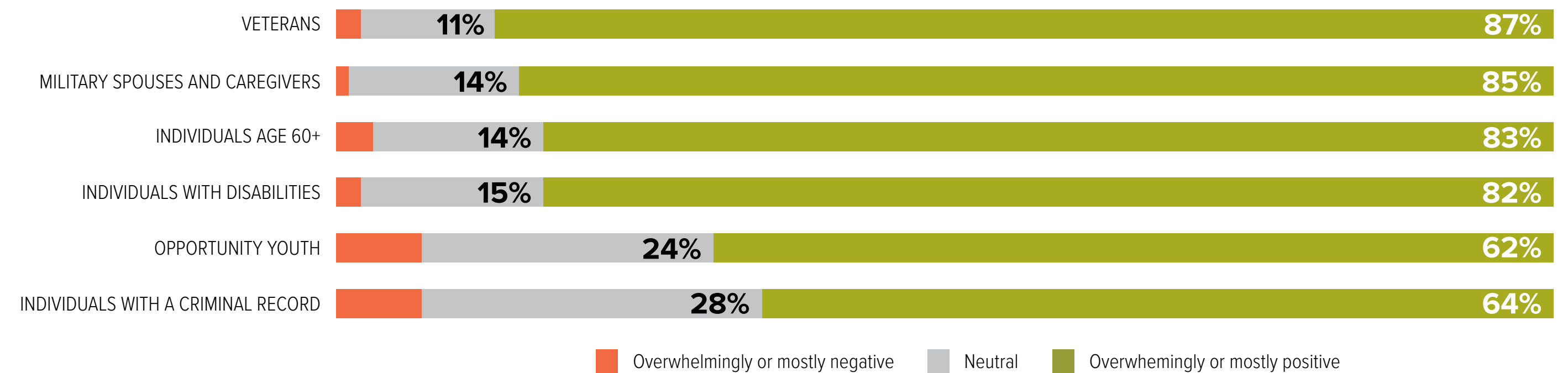
# WHY IGNORING UNTAPPED TALENT IS COSTING YOUR ORGANIZATION

The value of untapped talent must be recognized as more than a matter of social good or community goodwill; workers from these groups provide high return on investment and unique skills that employers should be realizing. Organizations that are capable of thinking outside-the-box in their recruitment strategy will see outside-the-box results.

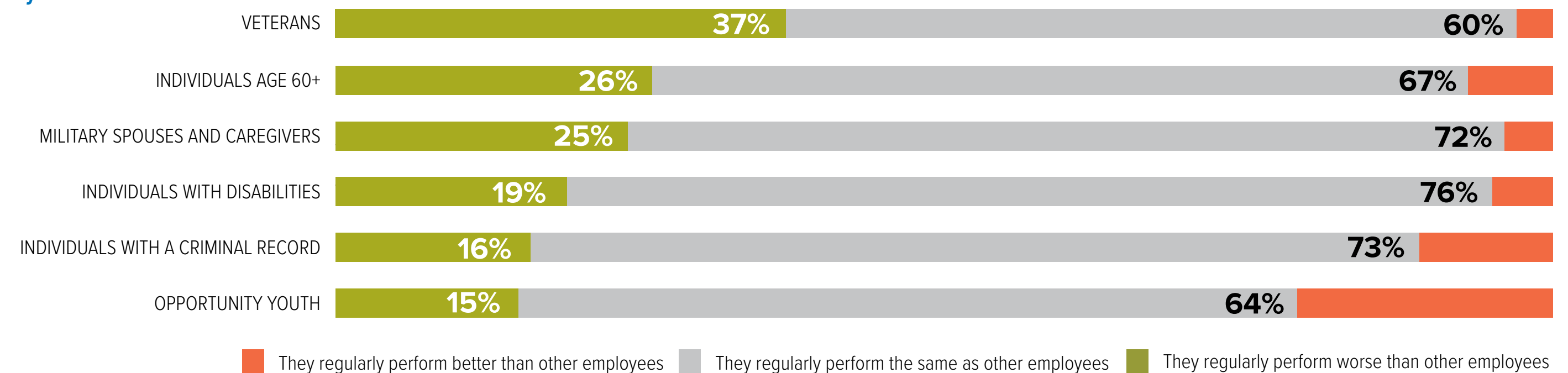
Not only are experiences with untapped talent pools largely positive, workers from these groups show higher-than-average job performance, when compared to other employees. For example, SHRM research found that individuals with criminal records can be some of the most dedicated employees in organizations and among those with the best retention rates when given the opportunity<sup>1</sup>.

The basic value proposition for untapped talent pools is essentially the same, regardless of which group your organization plans to work with: in exchange for investment from the business in establishing a program to implement inclusive hiring practices, employers receive a new candidate pool from which they can source high-value employees who will provide results. Further, according to the majority of HR, managers, and executives, when implementing diversity, equity, and inclusion (DEI) programs focused on untapped talent groups, the benefits were greater than or the same as those for employees from their standard talent groups.

**FIGURE 1. The majority of HR professionals, managers, and executives report positive experiences working with people from untapped talent groups**



**FIGURE 2. The majority of HR professionals, managers, and executives report workers from untapped talent groups perform the same or better than other employees**



<sup>1</sup> [http://www.gettingtalentbacktowork.org/wp-content/uploads/2020/04/GettingTalentBackToWork\\_Toolkit\\_WorkforceReadiness-2.pdf](http://www.gettingtalentbacktowork.org/wp-content/uploads/2020/04/GettingTalentBackToWork_Toolkit_WorkforceReadiness-2.pdf)

There are other benefits common to most untapped talent pools. Hiring workers from these populations generally come with tax benefits and other financial support to organizations, from both the Federal government as well as state governments, as well as local/municipal governments in some areas. Untapped talent groups also have existing communities of support organizations focused on providing employer resources to organizations looking to engage with these populations, and positioned to form partnerships and build talent pipelines.

While more difficult to quantify, the value of engaging with untapped talent pools as a source of community goodwill shouldn't be overlooked. Despite goodwill being inherently intangible as a benefit, case studies have proven that organizations that build reputations for working with one or more of these groups can enjoy benefits including becoming an employer of preference in their area (further expanding and raising the quality of their available talent pool), increased revenues from the families and friends of those who are a member of untapped talent pools, and access to partnerships with other organizations who work with the same populations.

Providing opportunities to underserved populations isn't just the right thing to do, it's also of major benefit to organizations themselves. Research has shown that diverse organizations are 35% more likely to financially outperform their competitors, and organizations with diverse cultures also tend to have more productive, more engaged, and more satisfied employees<sup>1</sup>.

Organizations may not be able to effectively engage with all underserved talent groups at once, however every organization can realize value from engaging with untapped talent. Despite some beliefs, establishing a formal program for engaging with untapped talent does not need to be 'redone' for every specific population—there are common principles that ensure success with unconventional talent pools. Untapped talent groups are also not homogeneous, and individuals have complex, intersectional identities; while employers may target a specific group of interest to employ what is important is that organizations establish truly inclusive processes that remove barriers for the employment of all groups. By embedding inclusivity in organizational practice, businesses open the door to fully equitable workplaces.

## Diverse organizations are 35% more likely to financially outperform their competitors<sup>1</sup>

<sup>1</sup> [https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity\\_full-report.ashx](https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx)



To help understand which groups present the best synchronicity for your organization, consider their unique qualities and the way they align with the needs and goals of your business.

While many of these qualities can be observed in members of any untapped talent group, HR professionals, managers, and executives have identified some that they feel are particularly strong in each group:

### OPPORTUNITY YOUTH

- Bring innovative and creative ideas to problems and processes
- High levels of enthusiasm and willingness to learn
- Increases age diversity of organization and can help expand customer market

### INDIVIDUALS WITH DISABILITIES

- Lower turnover rates, medical expenses, and time-off spend compared to non-disabled employees
- Meets federal contractor compliance

### VETERANS

- Strong commitment to organizational mission
- Entrepreneurial and self-motivated
- Comfortable with ambiguity & resilient
- Many have advanced technical training
- Experienced in cross-cultural and diverse workplaces

### MILITARY SPOUSES AND CAREGIVERS

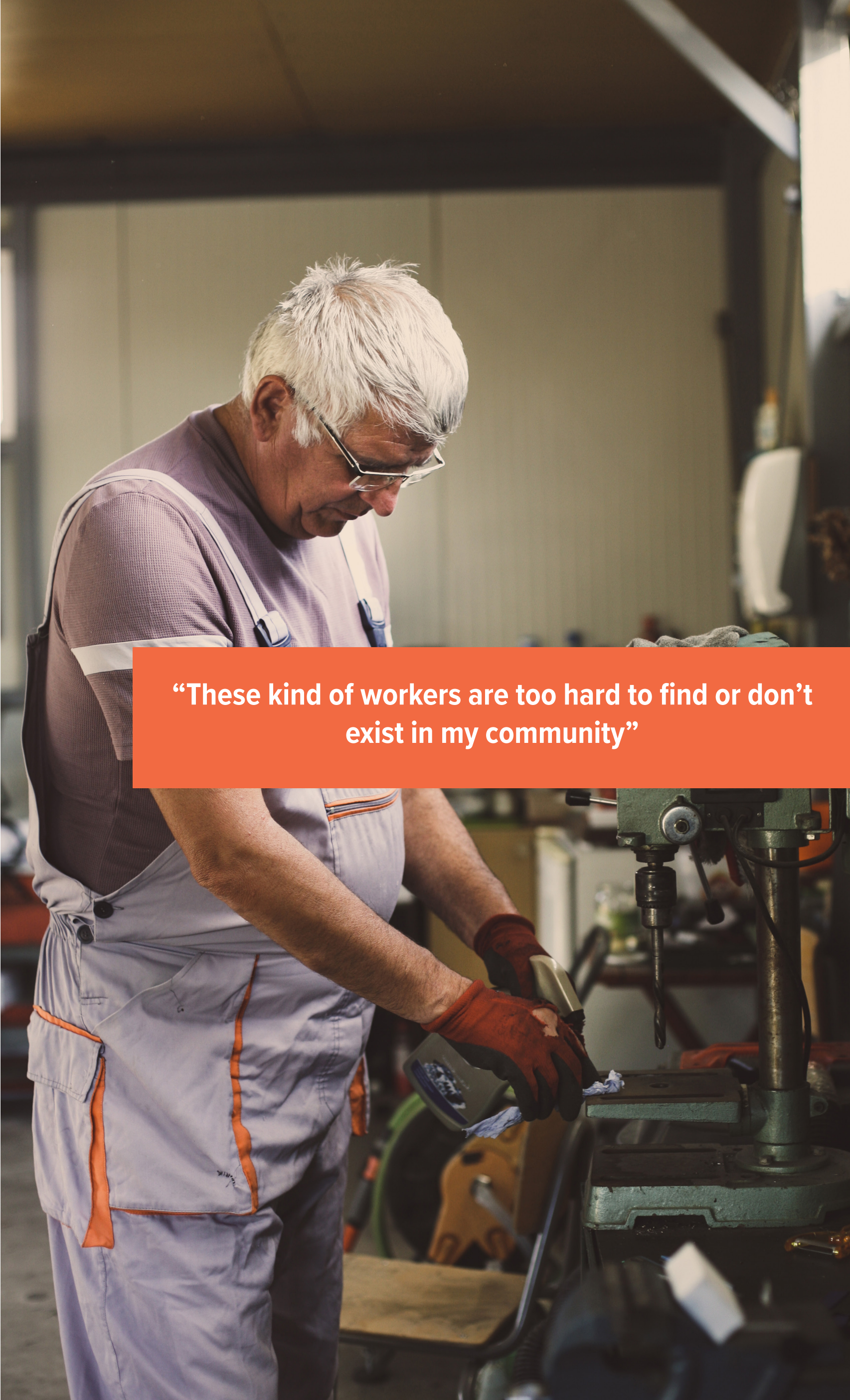
- Skilled at adapting to change and navigating ambiguity
- Strong leadership and problem solving skills
- Diverse range of races, ages, nationalities
- Healthcare and other benefits are covered by the military

### INDIVIDUALS WITH CRIMINAL RECORDS

- Higher-than-average loyalty to organization
- Lower turnover, lower frequency of disciplinary issues (Johns Hopkins case study)

### INDIVIDUALS AGE 60+

- Higher levels of engagement than other populations
- Strong work ethic
- Existing network of professional contacts
- Broad work and life experiences



**“These kind of workers are too hard to find or don’t exist in my community”**

# MYTHS ABOUT **UNTAPPED TALENT GROUPS**

Not only do workers from untapped talent groups exist in your community, they’re probably already working for you. Just because they’re underserved doesn’t mean untapped talent pools are small:

- Nearly 1 in 3 adults in the United States has a criminal record<sup>1</sup>
- Approximately 25% of adults have a disability<sup>2</sup>
- There are 18 million U.S. military veterans<sup>3</sup>, and 1 million military spouses and caregivers<sup>4</sup>, comprising over 7% of the U.S. population.
- More than 12% of the 40 million Americans ages 16 to 24 are neither employed nor in school<sup>5</sup>
- Between 2008 and 2018 The number of Americans age 60 and older increased by 34% from 54.1 million to 72.8 million<sup>6</sup>

What is true is that finding these candidates within your community might not be as simple as the way your organization typically recruits. Untapped talent pools like people with disabilities and opportunity youth might not be regularly present on online job boards or in existing selection pools.

The good news is that businesses need not do all the work alone; partnerships with national or local organizations that already exist to advocate for untapped talent can help employers figure out how to best source talent from each of these groups.

<sup>1</sup> <https://www.brennancenter.org/our-work/analysis-opinion/just-facts-many-americans-have-criminal-records-college-diplomas>

<sup>2</sup> [https://www.cdc.gov/mmwr/volumes/67/wr/mm6732a3.htm?s\\_cid=mm6732a3\\_w](https://www.cdc.gov/mmwr/volumes/67/wr/mm6732a3.htm?s_cid=mm6732a3_w)

<sup>3</sup> <https://www.census.gov/content/dam/Census/library/publications/2020/demo/acs-43.pdf>

<sup>4</sup> [https://www.whitehouse.gov/wp-content/uploads/2018/09/DoDMilitarySpouseDemographicsandEmployment\\_20180912.pdf](https://www.whitehouse.gov/wp-content/uploads/2018/09/DoDMilitarySpouseDemographicsandEmployment_20180912.pdf)

<sup>5</sup> <https://ssrc-static.s3.amazonaws.com/moa/Promising%20Gains%20Final.pdf>

<sup>6</sup> <https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2019ProfileOlderAmericans508.pdf>

**“These kinds of workers are too expensive on my organization’s health insurance or to accommodate”**

For workers with disabilities, one of the most frequently cited points of resistance is the uncertainty around what kind of accommodations will be necessary and how much they will cost. However, research from the Office of Disability Employment Policy (ODEP) has confirmed that the vast majority of accommodations cost nothing, and only require a bit of flexibility or creativity. Of the accommodations that do have costs attached, most are one-time expenses of \$500 or less<sup>1</sup>.

When it comes to workers aged 60 or older, not only is rate of mental health problems and prevalence of health-related behaviors similar for mature and younger workers, but in fact the majority of adults up to age 80 describe their health as good to excellent. Workers of 60 and above are also less likely to exhibit workplace aggression, substance abuse, tardiness and voluntary absence<sup>2</sup>.

<sup>1</sup> <https://askjan.org/publications/Topic-Downloads.cfm?pubid=962628>

<sup>2</sup> <https://www.shrm.org/ResourcesAndTools/hr-topics/talent-acquisition/Documents/Aging%20Workforce%20EPG-FINAL.pdf>



## “My customers won’t like that I employ these kinds of workers, and other employees won’t want to work with them”

This myth is heard most commonly in relation to workers with criminal backgrounds. Prior research on the employment of individuals with criminal records has shown that the majority of executives, managers, and individual contributors are all willing to work with those with a criminal record, and that a majority of customers are willing to shop at businesses that they know employ non-violent workers with criminal records<sup>1</sup>.

Discomfort working with those with a disability is also very commonly reported in research—managers and employees are unfamiliar with navigating how to interact with disabled coworkers<sup>2</sup>. This points to a clear need for more education but is not a legitimate reason to not employ those with disabilities. Additionally, it indicates a lack of awareness about the complexity of disability as a topic and perpetuates many negative and harmful stereotypes about those with both physical impairments and mental health challenges.

## “These kinds of workers aren’t able to do the work my organization does”

Particularly when it comes to workers with disabilities, many organizations believe that the nature of their work is such that they simply cannot employ anyone with a disability. This belief mainly comes from a lack of understanding about what constitutes a disability, and what kinds of accommodations exist. Invisible disabilities (those that are not immediately visually apparent) especially tend to be ignored by employers when considering the employment of workers with disabilities.

With veterans as well, some hiring managers may have concerns around combat-related mental health challenges, or the transfer of military formality into an informal workplace environment. While some veterans do experience mental health challenges, very few of these interfere with their ability to be a successful and valuable employee, and all veterans are uniquely equipped to be adaptable and learn to fit into organizational culture<sup>3</sup>.

Workers aged 60 and above also tend to be eliminated from consideration for jobs due to stereotypes around their ability to thrive in a data driven and technologically advanced workplaces. Employers should think twice before making assumptions about the technology skills and abilities of a candidate, many older workers use devices just as frequently as their younger counterparts. Older workers also have the dedication and loyalty to invest their time in learning the right tech skills for the organization.

<sup>1</sup> [https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/second-chances.aspx?\\_ga=2.130044815.1473817881.1604517579-1992812588.1603827785](https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/second-chances.aspx?_ga=2.130044815.1473817881.1604517579-1992812588.1603827785)

<sup>2</sup> <https://employingabilities.org/>

<sup>3</sup> <https://www.shrm.org/foundation/ourwork/initiatives/engaging-and-integrating-military-veterans/Pages/VeteransGuidebook.aspx>



# WHAT ORGANIZATIONS

# ARE DOING AND SHOULD BE DOING

Some employers are already stepping up: More than three-quarters of HR professionals (76%) report that their organization already modifies practices and policies to accommodate candidates who require it, and nearly half (44%) report that they collect feedback from untapped talent candidates and employees through a formal system. Organizations are also making efforts to become more inclusive in their policies, signage, and other communication channels, with 54% in the process of making changes and a further 40% planning to do so.

Further, commitment to positive change in the DEI space is on the rise, with more than half (51%) of organizations planning to introduce employee resource and affinity groups in the near future and with nearly one-third (29%) of organizations reporting these resources already in place.

Increased interest in inclusivity signals positive signs for untapped talent, and U.S. business recovery as a whole. However, untapped talent is more than just a talent issue, but rather a symptom of a more endemic problem that organizations face: Unsophisticated and insufficient DEI programs that decrease organizational potential. Organizations must do more to put diversity, equity, and inclusion (DEI) at the core of their culture and ensure that workers at all levels are reflecting those values in their actions. There is much to gain, for organizations who put in this work: research proves that organizations with better diversity and inclusion are also more profitable—in one study, companies with top-quartile measures of racial and ethnic diversity outperformed those in the fourth-quartile by 36 percent in profitability<sup>1</sup>.

To truly tap into untapped talent, organizations must start by enacting formal and informal reforms. It's vital that organizations not only implement recruiting and hiring programs focused on the untapped talent pools that best fit their organization's needs, but that they also track metrics about programs to understand how to evolve and refine them.

**Untapped talent is more than just a talent issue— it's a symptom of a more endemic problem organizations face**

<sup>1</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>

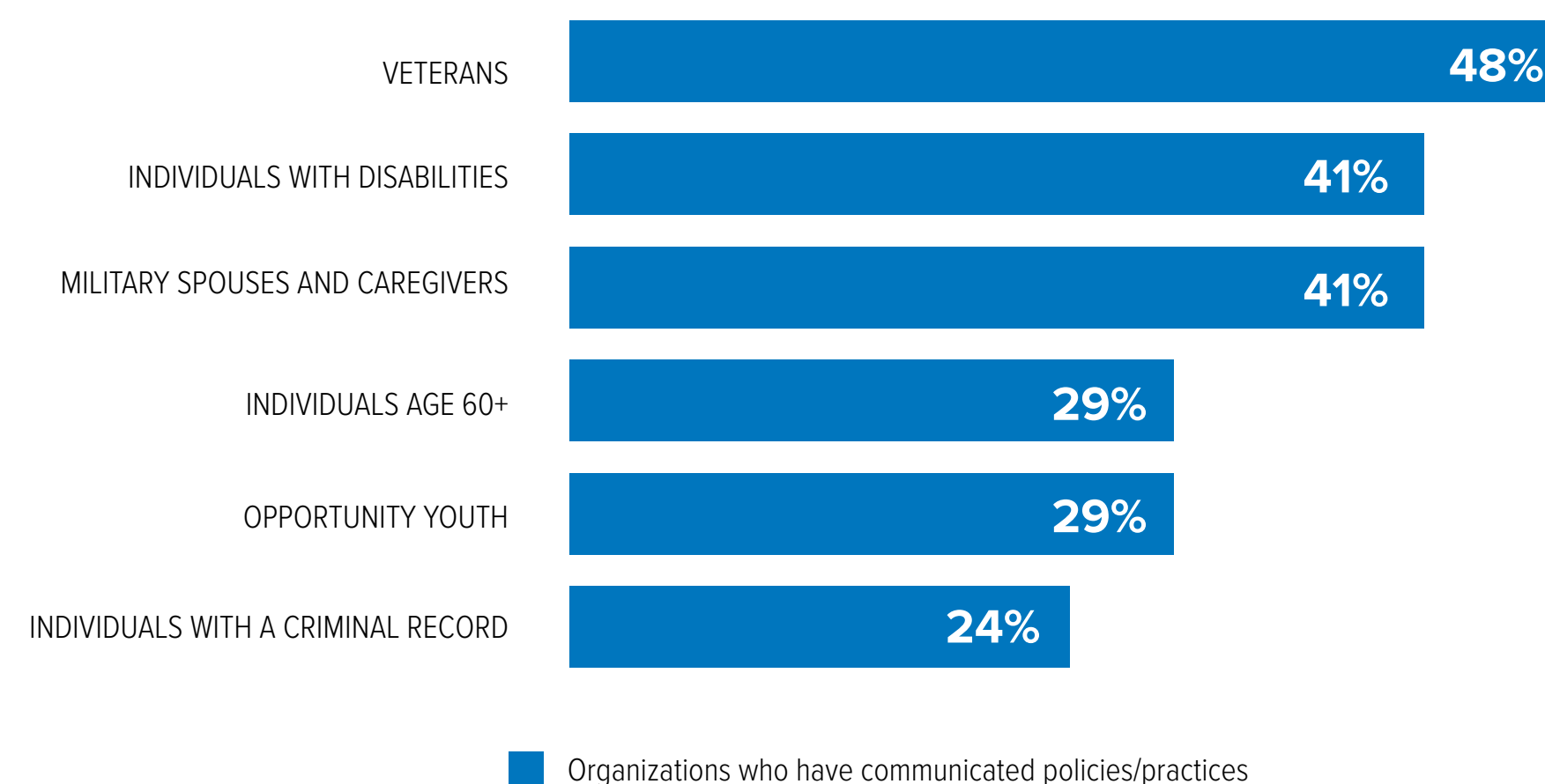
# Communication is Key

To date, a majority of organizations report they have not done anything to communicate their perspective on or practices for engaging with untapped talent groups. While slightly under half of organizations (48%) have communicated their practice or perspective regarding veterans, the numbers only get worse from there.

Leaders must ensure that the culture of their organization is prepared to be not just receptive to but actively supportive of working with untapped talent. **If managers emphasize the fundamental importance of untapped talent groups to organizational success, employees will better understand their unique value to the business.**

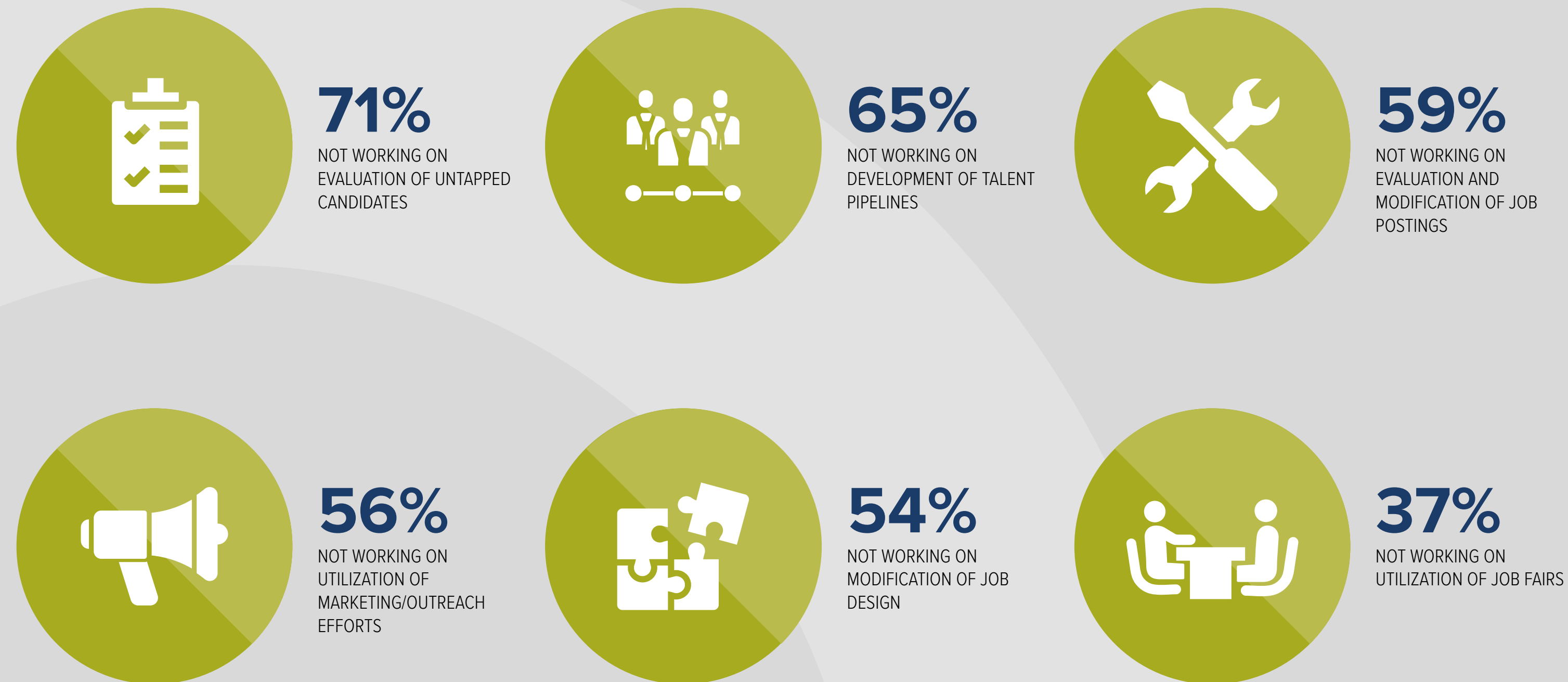
By not communicating a stance to their workforce, organizations are leaving the decision to individual HR professionals and hiring managers whether to engage with untapped talent.

**FIGURE 3. The majority of organizations have not communicated their practice or perspective regarding the employment of any untapped talent groups**



# MORE WORK TO BE DONE:

More than two-thirds (66%) of HR professionals report that managers are not held accountable for inclusion in their organization. Worse, many HR professionals report their organization is not developing training on any aspect of inclusivity related to the employment of untapped talent:



## Resources and Training for Managers

There is a tremendous lack of education and understanding when it comes to DEI as a topic, particularly for those in leadership positions across organizations.

Less than half of HR professionals believe that managers in their organization are trained for the unique situations that might arise on-the-job when managing workers age 60 and above, veterans, and military spouses/caregivers. A third or less of HR professionals believe that managers in their organization are prepared that situations that may arise during the employment of individuals with disabilities, opportunity youth, and workers with criminal records.

**The good news is that more than half of organizations have plans to train managers on inclusive behavior, making strides to treat not just the symptoms of DEI struggles, but the root cause.** However, more work needs to be done to educate and train managers to work with untapped talent effectively.

# Partnering with Advocacy and Community-Based Programs

Only 29% of organizations currently partner with advocacy/community-based programs related to the employment of untapped talent groups, though more than a third (37%) of HR professionals report their organization does not currently partner but are interested in doing so.

The future is bright for all untapped groups, as more employers are making the choice to engage; 61% plan to partner with community-based organizations to provide additional services for untapped talent, and another 61% will provide inclusive mentorship and networking opportunities.

However, except for veterans programs, most organizations do not have a program (either formal or informal) for the recruitment and hiring from any untapped talent group. Even for those who do have a program in place, the majority are informal.

**Community and advocacy partnerships will unlock pathways to talent; HR professionals report that these important partnerships are the number-one strategy across almost all untapped talent groups.**

Alongside relationship-building through partnerships, organizations must plan to continue the work in fostering diverse and inclusive workforces and reflecting those values in their advertising and branding.

FIGURE 4. Most organizations do not have a program in place regarding the employment of any untapped talent groups

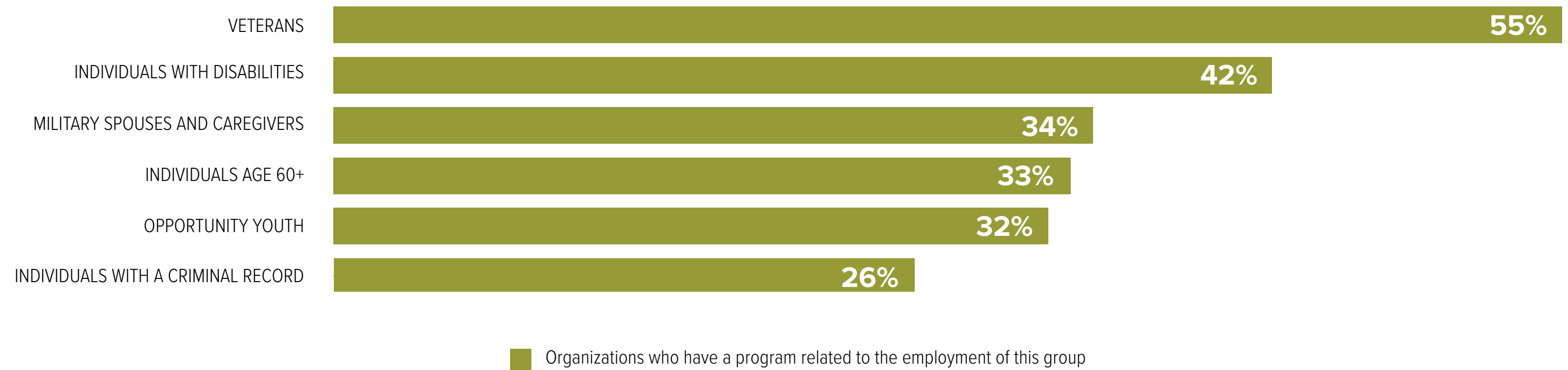
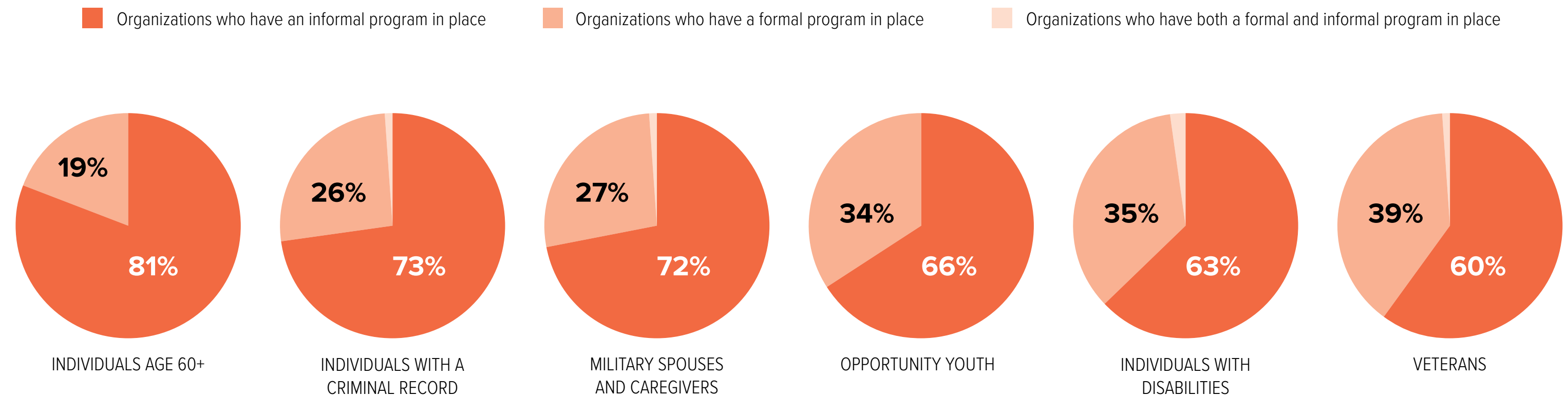


FIGURE 5. Even among organizations with programs in place regarding the employment of untapped talent groups, most programs are informal





## Measuring for Success

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A further concern about the lack of formal programs in place is the vast majority (89%) of organizations reporting that they do not measure any kind of return-on-investment on working with untapped talent groups, or don't know what their organization measures. Even worse, 39% of HR professionals report that their organization doesn't track DEI metrics of any type. Without the data to prove the efficacy of working with underserved talent, organizations will be hard pressed to enlist executive support and ensure the long-term viability of programs.

**By tracking the ROI of working with underserved talent groups, employers can prove that they are both performing a social good by ensuring workers in these groups aren't left behind, as well as serving the needs of the business.**

Organizations that put in the effort to build these programs and expand their understanding of inclusion will be positioned to reap rewards. It is encouraging to see employers engaging in some capacity with untapped talent, but by making better use of available resources through tapping into community partnerships and formalizing programs, organizations would be better positioned to maximize their value.

# TAPPED TALENT: WHAT WE STAND TO GAIN

As the nation's economy continues to recover from the impacts of the Covid-19 pandemic, so too must businesses continue to treat what ails them. By seriously and intently engaging with untapped talent pools, employers have the opportunity to springboard themselves ahead of their competitors.

The research is clear: not only is working with untapped talent the right thing to do, but these workers directly contribute to a greater capacity of organizational success. By bringing unique skills and knowledge, furthering workplace diversity, and building more inclusive economies, untapped talent groups are businesses' best path to recovery.

There is much work to be done, and organizations need to be willing to put forth the effort that has been lacking thus far, but all signs point to a future of greater action and renewed commitment. Together with community partners and advocacy groups, forward-thinking employers can empower untapped talent, boost their inclusivity, and open the door to all workers for prosperity.

**The research is clear: workers from untapped talent groups directly contribute to a greater capacity of organizational success**

# STUDY METHOD

The HR survey was fielded electronically to a sample of active SHRM members from August 17 to September 8, 2020. In total, 1545 members met eligibility requirements and responded to the survey. The response rate was 3%.

A sample of 1,500 managers and 500 executives were also surveyed from August 20 to September 9, 2020 via Dynata's non-probability online panel. For the purposes of this survey, executives were defined as those working at the vice president level or above at their organization.





# ABOUT THE PARTNERS



The SHRM Foundation's mission is to mobilize the power of HR and activate the generosity of donors to lead positive social change impacting all things work. The Foundation is committed to elevating and empowering HR as a social force through its innovative solutions to workplace inclusion challenges, programming designed to inspire and empower the next generation of HR leaders, and awarding scholarships and professional development grants to educate and develop students and HR professionals. The SHRM Foundation is a 501(c)(3) nonprofit affiliate of the Society for Human Resource Management.



Walmart.org represents the philanthropic efforts of Walmart and the Walmart Foundation. By leaning in where our business has unique strengths, we work to tackle key social issues and collaborate with others to spark long-lasting systemic change. Walmart has stores in 27 countries, employing more than 2 million associates and doing business with thousands of suppliers who, in turn, employ millions of people. Walmart.org is helping people live better by supporting programs that work to accelerate upward job mobility for frontline workers, address hunger and make healthier, more sustainably-grown food a reality, and build strong communities where Walmart operates. To learn more, visit [www.walmart.org](http://www.walmart.org) or find us on Twitter @walmartorg.

*The research included in this report was made possible through funding by Walmart. The findings, conclusions and recommendations presented in this report are those of the SHRM Foundation alone, and do not necessarily reflect the opinions of Walmart.*