

## Growing in a Labor Shortage

By Ron Cox

**November 2021**

The following is a portion of an article previously written by the author. Though it highlights conditions in Iowa, most of these conditions are occurring across the Midwest and the solutions discussed apply to most organizations.  
*Reprinted from CIRAS News, Vol. 57, No. 2, a publication of Iowa State University Center for Industrial Research and Service.*

*Iowa is one of the best states in the country at leveraging our workforce population. We have historically low unemployment (4th best over three decades) and historically high labor force participation rates (5th best).*

Iowans' willingness to work is a great state strength, yet we continue to have labor force shortages that are hampering our ability to grow. The reasons for the labor shortage are many and varied. Across the country, fertility rates are declining just as the large baby boomer population has begun retiring. The country has also seen a gradual decline in labor force participation rates and a recent reduction in immigration rates. More locally, Iowa's continued low population growth has exacerbated the state's labor force problems. Data trends suggest COVID accelerated what was likely to happen in Iowa in the near future.

These labor shortages have not affected all companies equally. While many have struggled to find workers, others have been successful at growing both their workforce and sales.

We have seen successful companies follow a similar approach, starting with the company leader deciding to change how they look at workforce. Many of the companies we have spoken with are targeting their workforce efforts and addressing specific workforce issues related to both current and potential employees.

We have witnessed more companies discussing the need to address immigration issues at the state and federal levels. Some companies are increasing wages significantly to be one of the highest paying companies in their community. Many are doubling down on their retention efforts by improving their benefits packages. Others have started hiring out-of-state employees. Enhancing company culture has been a more common discussion topic in recent years, with employers considering incentives like more flexible scheduling and partial remote work. Many companies have been more open to hiring a mix of full- and part-time employees. Lastly, we have seen a significant increase in companies looking at their internal processes, including automation, so they can continue to grow output despite the tight labor market.

Iowa's workforce shortages likely will not end soon, so changing hiring strategies may be necessary for company growth.