

SMALL BUSINESSES PUT HOLIDAY HIRING ON HOLD



As the month of November hits its midway point, most small business owners begin planning for hiring part-time workers for the holiday season. Sometimes, small businesses will not hire part-time workers, instead they will pay their current employees overtime for working extra hard during the holidays. Weak hiring trends are developing this year because of concern regarding depressed consumer sentiment. Because consumer confidence continues to be low, businesses are not hiring workers, for fear that consumers will continue to hold onto their money instead of spending it during the holidays. John Challenger is the CEO of Challenger, Gray, and Christmas (outplacement firm in Chicago), and he has the following to say: "Right now everybody's kind of keeping their powder dry, being cautious, and that is not the kind of environment that leads to strong job growth." In the month of October, the consumer confidence index decreased to 39.8 percent. The number has decreased from the previous nine month average of 59.6 percent and lower than the 49.9 percent during October of 2010. The United States Bureau of Labor Statistics said that in the three months that ended in December of 2010, a net change in jobs was roughly 630,000. This number increased from 495,000 for the same months in 2009 but down from the same months in 2006, which was 746,800. "Certainty and growth have to be there," says Chason Hecht, President of Retensa, a New York City-based firm that specializes in employee retention. "And right now, neither of those are very strong." Philip Noftsinger, the business unit president at CBIZ Payroll Services says, "It's really about demand. They (small businesses) are going to wait until the last possible minute to invest in additional workers for the holiday season." A decline over the past six months for small business optimism ended when optimism increased by 0.8 points in September as described by the National Federation of Independent Business. Despite the number increasing, the number was still outdone by businesses that expect sales to decline during the holiday season. Holly Wade, a senior policy analyst at the NFIB, had the following to say about the statistics: "It might be better than last year, and even better than it was two years ago, but we are not seeing the dramatic jump that we were hoping for." Even though the statistics tend to trend upwards, it is a very so climb back to the top. There are 350,000 members in the NFIB, which has segments in retail, construction and services. They claim that poor sales have been the problem for its members over the past three years. "They are certainly not going to hire workers just for the holiday season if they don't see the sales coming in the front door," Wade says. Wade also explains that an increase in running a business will cause the employer not to hire a new employee. The increase of running the business can include higher taxes, an increase in fuel prices, and more regulation.