

U.S. Employers Waiting And Watching Before Hiring

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NEW YORK (AP) — Business has picked up. Yet American companies are too nervous to step up hiring.

The economy seems so gripped by uncertainties that many employers have decided to manage with the staff they have. They aren't convinced their customer demand will keep growing. Or they worry that Europe's festering debt crisis could infect the global economy. Or they aren't sure what Congress will do, if anything, about taxes and spending in coming months.

All that helps explain why U.S. employers added just 69,000 jobs in May, the fewest in a year and the third straight month of weak job growth.

"If you're anxious, you sit on your hands," said Chad Moutray, chief economist at the National Association of Manufacturers.

The U.S. government is also nearing its debt ceiling. It was just last summer that a bickering Congress rattled markets by nearly allowing the government to default on its debt.

State and local spending levels are uncertain or shrinking as governments try to shrink their own debts. The result is smaller budgets for schools, transportation projects and services.

Companies also complain that changes in environmental regulations and business subsidies are too hard to predict and plan for.

Here's a look at why some individual employers remain hesitant to hire:

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For many companies that build highways, hiring plans are on hold while Congress debates long-term plans to pay for construction projects.

"I've got paving crews that are ready, willing to go to work next week, but I don't have contracts that I can have them go to work on," said Ed Dalrymple, vice president of Chemung Contracting Corp., based in Elmira, NY.

The company, which operates gravel quarries and asphalt plants and does highway and airport runway paving, relies heavily on government work in New York, Pennsylvania and Virginia.

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"There's work that needs to be done, but none of the states have authorized it," Dalrymple said. "If you look at the transportation bill in Congress, it just sits there."

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Jason Speer is nervously watching Congress and possible tax changes as Bush-era income tax cuts near expiration at year's end. He's a vice president of Quality Float Works of Schaumburg, Ill., which makes devices to monitor fluid levels in tanks.

Speer says he'd feel a lot better about hiring later this year if it weren't for the uncertainty about federal taxes. Unable to anticipate his company's costs, Speer says he can't make decisions about growth and hiring.

"We don't know if there's something around the corner that's going to hurt our business," Speer says.

Sales in the United States, the Middle East and South Asia have been strong, he says. And the company expects to grow 15 percent this year. But Europe has been a drag: Sales to the region are down 50 to 60 percent this year.

The company added two jobs this year but would have added a third if European sales hadn't suffered.

"If that business was still what it was, we would have already hired someone to keep up with it," Speer says.

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