

Forecaster: Recession for middle managers

Good-paying corporate jobs being thinned out amid growth elsewhere.



“High-paying job growth is completely stalled,” says Rajeev Dhawan, director of the Georgia State Economic Forecasting Center.
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JOB MARKET

A decelerating economy, dragged down by higher interest rates, has meant a “thinning” of many good-paying corporate jobs, according to a high-profile economic forecaster.

While growth continues in some sectors, tech and middle-management positions are increasingly in the crosshairs as overall job growth slows, said Rajeev Dhawan, director of the Georgia State Economic Forecasting Center.

“High-paying job growth is completely stalled,” he said during the center’s quarterly conference Wednesday. “This isn’t a recession in the traditional definition because job creation is continuing in the health care, hospitality and construction sectors.”

The arbiter of recession is the National Bureau of Economic Research, which defines the event as “a significant decline in economic activity that is spread across the economy and lasts more than a few months.”

Dhawan called the condition a white-collar, middle-class, middle-management recession.

The economy, both nationally and in Georgia, will continue adding jobs the rest of this year but at a slower and slower pace, Dhawan said.

Georgia last year added about 162,500 jobs but will expand by about one-third that number by the end of 2023 and even fewer in 2024 before accelerating again in 2025, he said. The nation overall will lose jobs in the beginning of next year, he forecast.

Crucially, the jobs that are being added will be overwhelmingly lower-wage jobs, Dhawan said.

The culling of middle management really began during the pandemic, he said. Companies realized that many roles could be done from somewhere besides an office and that remote workers could be managed with fewer supervisors.

“Those jobs are not coming back,” he said.

But companies learned the opposite lesson about front-line employees, since it turned out to be very hard to get them back once the economy rebounded, Dhawan said.

In the past year, metro Atlanta has seen a number of tech-centric companies make cuts, many of them global powerhouses like Microsoft, Google, Amazon and Salesforce.

But a number of cuts have come from home-grown tech firms, like SecureWorks, which announced it would slash about 9% of its staff.

And some of the cuts have been at companies not generally thought of as tech firms, like Bed, Bath and Beyond and Yellow, the trucking company which shuttered earlier this summer. The majority of sectors have seen an increase in layoffs this year, according to Challenger, Gray & Christmas, a Chicago-based outplacement firm that tracks job announcements.

Companies in technology led all other industries in the number of job cuts announced, while the number of job hiring announcements was the lowest since late 2020, the company said.

Many broad indicators, including gross domestic product, still show an expanding, healthy economy. Yet there are some more niche measures that are signaling trouble.

A report Thursday from the National Association of Credit Management showed many businesses are at the edge of serious financial problems, said Amy Crews Cutts, Atlanta-based economist for the group.

“It is showing from a business perspective that we are very near recession,” she said.