Economy Has Sent Executives to Jobs Down Corporate Ladder

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As a chief operating officer for HSBC, one of the world's largest financial services firms, Greg Corkett worked in the rarefied echelons of banking.

But when the subprime mortgage meltdown sparked a financial crisis in late 2008, Corkett lost his job overseeing the global markets division, which bought residential mortgages and handled stock, bond and foreign currency trades.

Today, he toils at the low end of the housing-loan food chain as a mortgage broker in Great Neck, N.Y. His annual pay has plunged to about $95,000 from $400,000 or so. On a typical day, instead of ensuring that the purchase of a $500 million package of mortgages will be profitable, Corkett is helping a young couple decide whether they can afford that $450,000 Colonial.

"It's an awful lot of work for, frankly, a small fraction of what I used to make," Corkett, 52, says.

With the job market growing modestly again this year, Corkett is among many Americans who have taken jobs a rung or more below the ones they lost in the recession. Unlike the unemployed marketing director who's manning the cash register at Wal-Mart or the construction worker who turned to truck driving, these workers are still in their fields, but lower on the career ladder.

It may be, for example, a former chief financial officer who's now a deputy finance director. A regional sales manager turned sales representative. Or a lawyer making do as a paralegal.

They represent a less visible casualty of a brutal economic downturn. Government officials lament the 14.8 million unemployed Americans and the 12 million who are working part time or grew so discouraged that they stopped looking for jobs; together, they make up the official 17% underemployment rate.

Yet millions more have taken jobs that don't fully utilize their skills and experience, staffing agency officials and economists estimate. That's an entire generation of workers who have downshifted their careers. Many will never reclaim their former status or salary.

"Job losses during recessions such as this one can lead to very large earnings losses that persist over 15, 20 years," says Till von Wachter, a professor of labor economics at Columbia University.

A 2009 study led by von Wachter found that nearly two decades after workers lost their jobs in the early 1980s recession, their earnings were still an average 20% or so lower than those of similar employees who weren't laid off. After a decade, only 25% had regained their former pay. Losses were steeper for workers over 50.

Jorge Perez, senior vice president-North America for staffing company Manpower, says about 30% of the workers his firm places are taking jobs for which they're overqualified, compared with about 10% in normal economic times.

What's Behind the Situation

There are myriad reasons for the trend. Most obvious: More of the unemployed are seeking still-scarce jobs. And those out of work six months or longer are at a disadvantage compared with those recently laid off, says John Challenger, CEO of outplacement firm Challenger Gray & Christmas.