



# Uncertainty, AI, and White-Collar Hiring

Understanding the weak job market for white-collar workers

Prepared by:

**Joseph Mayans**, Chief Economist

# Overview and Key Takeaways

While the US labor market remains on decent footing, it has become increasingly challenging to land a job. **This is especially true for higher-educated, white-collar workers, who are experiencing the lowest rates of transition from unemployment to employment of any educational group and have the highest expectation of losing their job over the next year.** Recent college graduates are also facing difficulties, with their unemployment rate rising to the highest level in a decade (outside of the pandemic era).

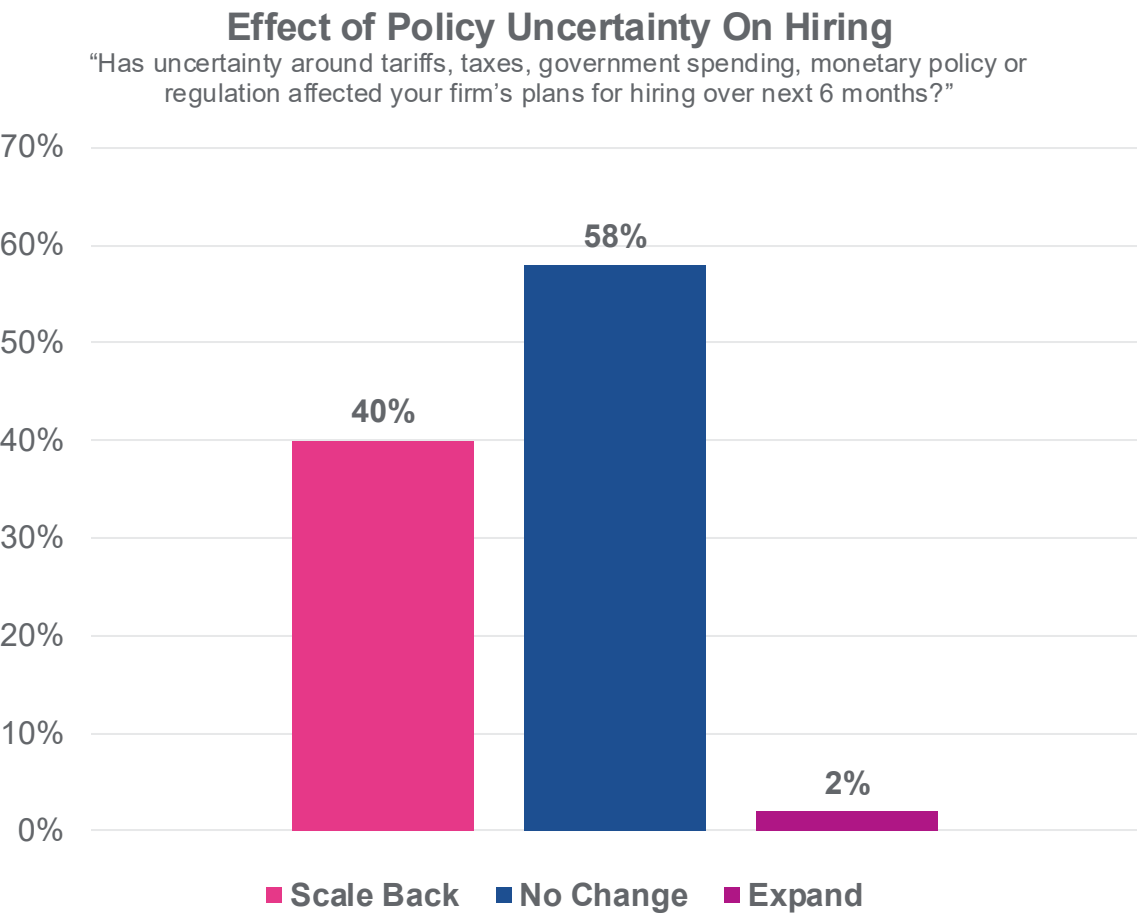
The low rate of hiring in the white-collar segment of the market appears to be fueled, in part, by economic uncertainty putting downward pressure on organizations' hiring plans, and the rising uptake of AI to enhance current-worker productivity and automate some tasks. **For lenders, these dynamics suggest there could be greater-than-expected stress in higher-income households and in the Prime credit segments of the market if layoffs increase and job opportunities for these workers remain scarce.**

- Roughly 40% of companies surveyed by the Federal Reserve Bank of Atlanta said that they were scaling back hiring due to policy uncertainty. This trend is also captured in anecdotes in the Fed's latest Beige Book. At the same time, CEO commentary suggests that the increased uptake of AI may be reducing the need for hiring new workers in tech-related, white-collar, and entry-level roles.
- Employment in white-collar roles in tech and the broader professional and business services sector has stagnated over the past two years. And average private-sector job creation in higher-wage industries remains well below pre-pandemic trends – 16% YTD in 2025 vs 38% between 2015-2019.





# Businesses are scaling back on hiring due to economic uncertainty and AI uptake



## Select Quotes on Uncertainty, AI, and Hiring

“Employment edged up, but many firms **planned to pause or limit hiring going forward because of policy uncertainty.**”

~Boston Fed, Beige Book

“Demand for workers held steady, though some employers reported **pausing hiring amid heightened uncertainty.**”

~New York Fed, Beige Book

“Several contacts noted a **wait-and-see posture on hiring amid elevated domestic and trade policy uncertainty**, while some firms, including airlines, cited layoffs.”

~Dallas Fed, Beige Book

“This is the first year in the history of Salesforce, after 25 years, **I will not hire any net new software engineers.**”

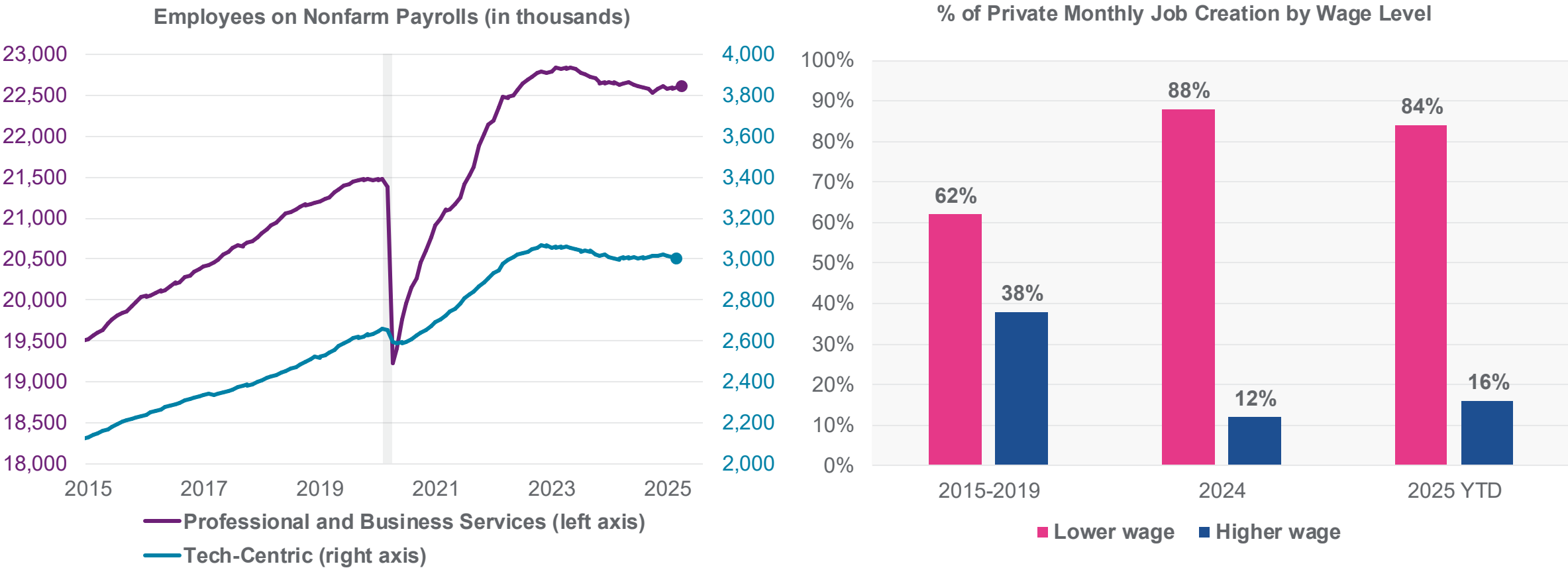
~Marc Benioff, CEO Salesforce

“We’ll gradually stop using contractors to do work that AI can handle.”  
And “**Headcount will only be given if a team cannot automate more of their work.**”

~Luis von Ahn, CEO Duolingo



# Employment in both tech-centric and broader professional and business services has been stagnant

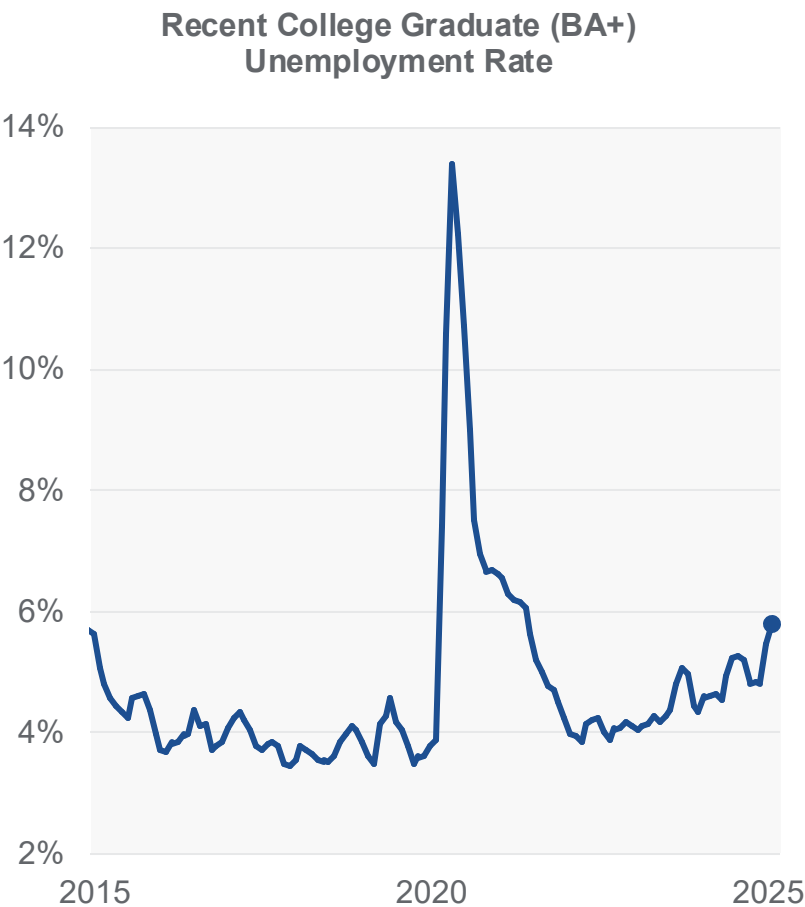
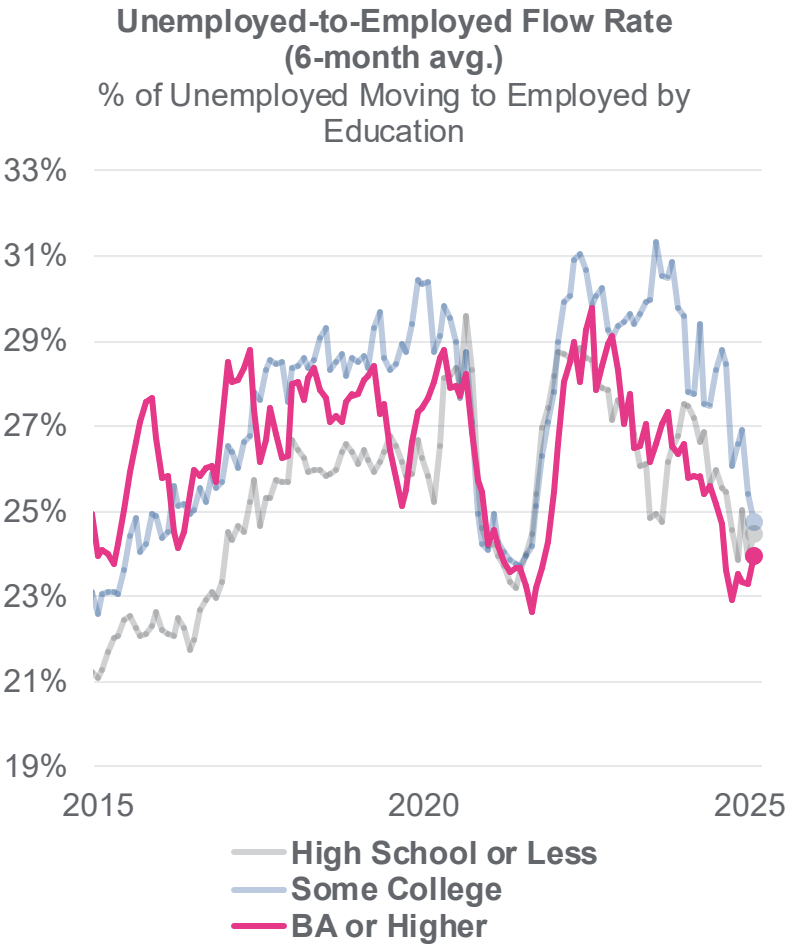


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Note: “Higher” and “Lower” wage categories are based off April 2024 average hourly earnings by industry. Those industries that pay higher than the average are in the higher wage group, those that pay less than average are in the lower-wage group



# Higher-educated/white-collar workers feeling the strain of a challenging job market



Sources: Federal Reserve Bank of New York, Federal Reserve Bank of San Francisco, and Experian Economic Strategy Group





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