

AMERICA'S
INDEPENDENTS
A RISING
ECONOMIC FORCE



2016
STATE OF INDEPENDENCE
IN AMERICA REPORT
SIXTH ANNUAL



Executive Summary



The 6th Annual MBO Partners State of Independence study maps the attitudes and sentiments of a large, multi-faceted and economically powerful segment of the American workforce. Independents are adult Americans of all ages, skill, and income levels who turn to consulting, freelancing, contract work, temporary assignments or on-call work regularly each week for income, opportunity and satisfaction.

The MBO Partners State of Independence report is the industry's longest running end-to-end study of the American Independent workforce. This year, it found that the robust, maturing, and vital independent job market continues to be driven by powerful cyclical and structural forces. Against the backdrop of 5% unemployment, 5.8 million job openings, and an economy that added 2.74 million payroll jobs in the past year, the total number of self-employed (full- and part-time combined) aged 21 over in 2016 remained close to 40 million. The number of full-time independents fell by 5%, or 800,000, to 16.9 million. With a robust payroll jobs market, it is clear that some of those who were not satisfied with inde-

Nearly 40 million strong, the nation's independents report they choose **greater control and flexibility**—and, in many instances, **higher income**.

pendent work returned to traditional employment. The number of people working part-time in independent work (fewer than 15 hours per week) remained steady at 12.4 million.

The numbers, and the testimony they provide in our surveys, show that Full-Time Independents and Part-Time Independents overwhelmingly find independent work is a satisfying—and self-determined—choice. Independent work creates new income streams and diversifies household financial risk. Full- and Part-Time Independents alike say their career choices stem from a desire to have greater freedom, flexibility, control and purpose. Nearly half, 47%, report they make more money working on their own than they would in a traditional job. In fact, in 2016, 17.9% of Full-Time Independents—3 million—earned more than \$100,000, up nearly 50% from the 2

million \$100,000+ earners in 2011. In spite of low inflation and overall wage stagnation, average gross income generated by Full-Time Independents rose as well, to \$64,450 per year, up 30% from the average incomes reported in this study in 2011.

Our report, the only annual study with six years of consistent trend data, shows the demographic constitution of the independent workforce is changing. On the one hand, it is getting younger each year. Millennials, (defined as those 21-36 years of age in our study) continue to enter the workforce, and many do so as independents. The 6.76 million Millennials now working as full-time Independents, up from 1.9 million in 2011, account for 40% of the full-time Independent workforce population. Millennials, who now constitute 34% of the labor force, clearly find independent work a viable option

for earning income. On the other hand, the Independent workforce is growing more experienced, thanks to the continuing commitment of more seasoned workers, primarily from the Baby Boomer generation, who constitute 31% of the total independent population.

This year, we again surveyed the 12.4 million Part-Time Independents (people who regularly work independently between 1 and 15 hours per week). While most listed supplementing their income (61%) and/or earning more money (50%) as the reason they work as Part-Time Independents, 43% said they work to pursue a passion or interest. Remarkably, 7 out of 10 (71%) indicated that working independently on a part-time basis was their choice completely.

Our data does not specifically highlight the Occasional Independents, the 10.5 million people in 2016

who pursue freelance or independent work on an “as needed” or “as desired” basis from time to time but not on a regular schedule. Adding them in brings the size of the adult independent workforce to 39.8 million in 2016, down 5.4 % from 42.1 million in 2015—and the same level as 2014. We’re attributing the decline in part to cyclical forces in the economy. Given the curve of this economic recovery, many companies have chosen to engage workers on a “try-out” basis and then cautiously bring them on to cope with stronger demand. As the economy continued to expand through 2015 and the jobs market strengthened, many Independents were offered permanent positions after having weathered talent “try-outs.” Combined with the retirements of Baby Boomers and independents returning to the traditional workforce for a tour of corporate duty, this factor pushed the number of Full-time Independents to fall 5%.

At the same time, due to the four important structural forces undergirding the Independent work phenomenon, the vast majority of independents choose to stay independent. The continued strength in the independent workforce is driven by several factors. First, as the infrastructure supporting independents continues to grow in breadth and sophistication, the independent path becomes less risky and easier to manage. Second, as Millennials enter the workforce, they continue to use independent gig opportunities to gain a

Key Findings

Independent work creates **new income streams** and diversifies household financial risk.

Nearly half of the 16.9 million independents included in this research—47%—report they **make more money** working on their own.

toehold in the labor force and build a resume. Third, Baby Boomers, the oldest of whom turn 70 this year, are working hard to reinvent retirement, because they want to be socially and professionally engaged and because many of them need more retirement income. Finally, businesses of all types—including on-demand firms—are hiring more contingent workers.

As a result, Independent work retains its appeal—despite the small decline in overall numbers. And the 2016 study shows that about 13% of adult Americans (about 29 million) who are not independent workers are considering a shift to independence in the next few years. Of course, only a small share of this group—about 10%, or between 2 and 3 million—will likely transition to independent work over the next two years, roughly 2-3 million. But these results are consistent with results from prior years.

Consistent across six years of research, 6 out of 10 say working as an independent is **their choice completely**.

Six in 10 say that the ability to **control my own schedule** (63%) and to have more flexibility (59%) were motivations for working as an independent.

65% rank their **satisfaction as very high** (8-10 on a 10-point scale) and 22% give independence a top score of 10.

Millennials and Baby Boomers combined make up more than 70% of the total independent workforce.

Over the next five years we expect the number of Full-Time and Part-Time Independents in America to grow by 16.4% to 34.1 million in 2021, at which time independents will constitute 29 percent of the private, non-farm workforce. If we add the

Most Independents—78%—plan to **stay the course** as an independent (63%) or build a larger business (15%).

A solid majority (53%) of all independent workers identify as either **self-employed** (37%), **business owners** (13%) or **entrepreneur** (3%).

Independent workers generated roughly **\$1.1 trillion of revenue** for the U.S. economy, equal to over 6 percent of U.S. GDP.

Non-independents feel that independent work is **much riskier than what Independents assess**.

category of Occasional Independents based on the same proportion as today, the projected total number of adult Americans working independently will grow to an estimated 48.9 million in 2021—or just over 40% of the private, non-farm workforce.

Who Are America's Independent Workers?



The 2016 MBO Partners State of Independence research paints a richly detailed portrait of America's 16.9 million Full Time Independent workers—those who work at least 15 hours each week in independent work. For the sixth consecutive year, the research shows that independents represent all ages, professions, educational levels and geography. And they're actively contributing to virtually every sector of the economy.

Over the past year, independent workers generated roughly \$1.1 trillion of revenue for the

U.S. economy. That sum, which is greater than the combined annual revenues of Walmart, ExxonMobil and Apple, is equal to over 6 percent of U.S. GDP. Even though there are now 5% fewer, this figure held steady from 2015, and is 36% higher than the initial 2011 benchmark.

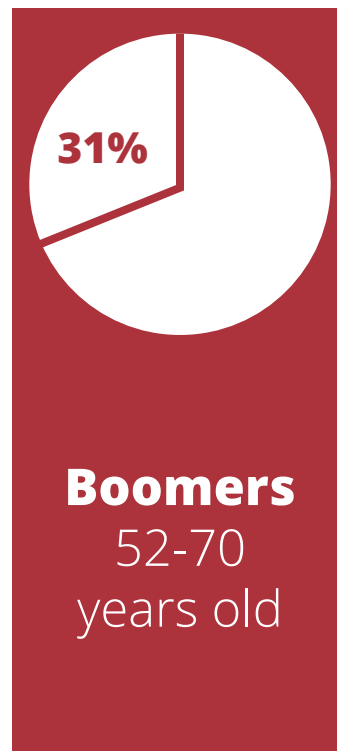
Independent work has become a viable and familiar work path for many in the US economy. For the typical American, it's becoming more and more likely that a neighbor, friend or relatives is either working as an Independent or has worked as an independent. In fact,

over 40% of the US adult workforce reports either currently working or having worked as an Independent at one time during their careers. And by 2021, we expect that nearly half the U.S. workforce—between 46% and 48%—would affirmatively answer the question: "Are you now or have you ever been an independent?"

The demographics of the independent workforce are constantly changing. Of those independent workers 21 years and older working at least 15+ hours/week, 40% are Millennials (21-36 years old); 27% are Gen

By 2021, we expect that nearly half the U.S. workforce would **affirmatively answer** the question: "Are you now or have you ever been an independent." ”

X (37-51 years old); 31% are Boomers (52-70 years old); and only 2% Matures (71 and older). Working in every state of the union and evenly distributed by gender across the nation, these solo workers typically put in 35+ hours per week working as independents.



Independent Workers vs. Non-Independent Workers



How do independents view themselves and their opportunities and challenges? And how do Non-independents view independent work and its benefits and burdens? Comparing and contrasting the two views presents an important insight into sentiments around the future of work, as a growing proportion of our nation's workforce prepares for the possibility of a "tour of duty" through independent work.

How Independents Describe their Work

As part of the 2016 study, as we have every year since 2013, we asked independent workers to choose from a list of descriptors to portray the nature of their jobs. Options included: self-employed, business owner, creative professional, consultant, temporary worker, freelancer, independent contractor/professional services, independent contractor/building traders and sales rep/agent/broker. When asked which best described their job status, 37% reported self-employed, followed by independent contractor/professional services at 14% and business owner at 13%. Consultant and freelancer each came in at 6%.

The overall proportions reporting these segments have been consistent since 2013. But there is significant variation by age. Millennials are far more likely to self-describe as freelancers (11%) compared with non-Millennials (3%). And they are significantly less likely to say they are self-employed (29%) than non-Millennials (42%). Gen Xers are more inclined to say they are Business Owners (16%) than either Millennials (10%) or Boomers (13%). Interestingly, only 1 of 10 Gen Xers identified as an independent contractor/professional services provider, compared with about 1 out of 7 in other age groups. Boomers are the most likely to self-describe as "self-employed." Nearly half (47%) chose this as the best description, compared with 29% Millennials and 37% Gen X.

In addition to these descriptors, many more people identify with their job role and specialization. This contributes to the lack of common lexicon around independent workers.

However, a solid majority (53%) of all independent workers identify as either self-employed (37%),

business owners (13%) or entrepreneur (3%). They think about their work as a business and as having business-building opportunities, not as necessary gigs that hold them over in between traditional jobs. This group likes being their own boss and controlling their schedules. It also reports the highest levels of satisfaction.

Perceptions of Risk Separate Independents from Non-Independents

Independents and Non-independents view the merits of independent work very similarly. Both groups see that this work path provides autonomy, flexibility, control over one's personal and professional lives, and the ability to do something they love. But the two groups have sharply different takes on the relative risks associated with independent work. A majority of Non-independents (55%) say that working as an Independent is very risky (8-10 on a scale of 10), with 61% of citing the lack of predictable income as the single greatest risk. Half of all non-independent workers (49%) indicate that independent work is not as

They **think about their work as a business**, not as necessary gigs that hold them over in between traditional jobs.



secure as permanent employment and that starting a solo business requires capital that they'd have to invest personally. In fact, 46% report they'd have to invest their own money to be successful, which they see as a negative. Interestingly enough, investing one's own money does not even make the top 10 in terms of challenges as reported by independent workers, with only 4% mentioning it.

Independents have a noticeably different attitude toward risk: 43% of independents feel that independent work is more secure than traditional employment, while 33% say that it is equally secure. As a group, independents believe it is no more or less risky to leave all your employment eggs in the employer's basket than to spread them across several clients or to protect them in an Independent nest.

Choosing Independence Through Recession and Recovery



Contrary to popular belief, most independent workers choose this style of work. And it is clear that, in stark contrast to the satisfaction statistics around traditional employee engagement, independent workers are by and large, a self-actualized, self-satisfied and motivated group.

For many years, the default mode of thinking was that people worked independently only, or largely, because they couldn't find full time payroll jobs. And as the economy shed 8.7 million payroll jobs between January 2008 and February 2010, that was certainly the case for many Americans. But in a finding that has been consistent across six years of research, in 2016 6 out of 10 Full-Time Independents say working as an Independent was their choice completely. An additional 30% say that choice played a role in their decision. Only 1 in 10 report that the move to independent work was inspired by factors beyond their control (such as a layoff, downsizing, illness, etc.), down from 1 in 7 in 2011.

Independents choose this work style because they want control over both their lives and their careers.



They want to determine when and where they work and what they work on. Six in 10 say that the ability to control my own schedule (63%) and having more flexibility (59%) were motivations for working as an Independent. Four out of 10 (41%) wanted to control their own career.

And independents are getting what they want: 65% of Full-Time Independents rank their satisfaction as very high (8-10 on a 10-point scale), while 22% give independence a top score of 10. Even though independent work has its challenges,



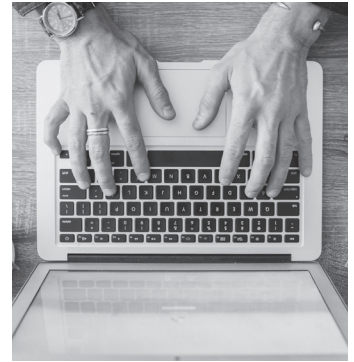
the ability to have greater control and flexibility far outweighs the hurdles of working solo.

The responsibility of charting your own future inculcates a sense of ownership. Most independents—78%—say they plan to stay the course as an Independent (63%) or build a larger business (15%).

Taking all groups into account, the average Independent has been walking this path for about 10 years. This is an impressive number, especially given the high share of Millennials in the mix.



Highly-Skilled, In-Demand, and Well-Compensated



Independent workers choose to follow their path for reasons beyond lifestyle. The majority are motivated self-starters, have skills to offer and see a viable way to earn good income. Independents work in virtually every sector of the economy, from Accounting to Zen-based counseling. Most demonstrate a high level of specialization in their professions. In fact, six in 10 independent workers report that they get work assignments because they offer a specialized skill that requires certification, special

training or education. More than 4 out of 10 (43%) independents have 4-year college degrees or higher, including 20% with advanced degrees. That compares favorably with the 33% of Americans who have 4-year college degrees and the 12% who have advanced degrees, according to the Census Bureau.

The younger the Independent, the more education she brings to the marketplace. Nearly 6 out of 10 Millennial independent workers (58%) have 4-year and/or advanced degrees

compared with 33% of non-Millennials.

The independent workforce is largely composed of service providers. A full 83% deliver services to their customers; 1 out of 6 offer products to their customers. Slightly less than half (48%) work with small, medium and large organizations.

Just over half (52%) serve consumers, including individuals and/or families, up from 40% in 2011. This reflects a continued growth in demand for personal services in the U.S. MBO refers to those who offer

skilled and professional services to businesses as Independent Service Professionals. This segment accounts for about 40% of the total population of Full-Time Independents—6.7 million workers.

The average tenure for those working full-time (35+hours) is 10.5 years. That is more than double the average tenure of 4.6 years for traditional employees, according to the Bureau of Labor Statistics.

Nearly half of these 16.9 million independents included in this research—47%—report they make more money working on their own than they would in a traditional job. In fact, in 2016, 17.9% of the Full-time Independents—3 million—earned more than \$100,000, up nearly 50% from 2 million in 2011. More than 4.7 million Full-Time Independents—28%—earned more than \$75,000. In spite of low inflation and overall wage stagnation, average gross income generated from this work rose to \$64,450 per year, up 30% from the average incomes reported in this study in 2011. (By contrast, the median family household income in the U.S. was \$53,657 in 2014.)



6 in 10

**Have
Desirable
Specialized
Skill**



4 in 10

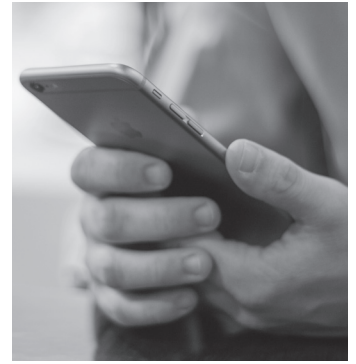
**Have
4-Year
College
Degree**



2 in 10

**Have
Advanced
Degree**

Generational Differences



Independent work has held strong across all age cohorts for the six years of the MBO Partners State of Independence research. Each demographic group faces unique challenges and opportunities that impact its success and overall satisfaction with the work style. And it's clear to see that the attitudes and comfort with working independently vary and shift over the arc of a person's career and lifetime.

Millennials: Most Likely to Desire Independence

As they displace Boomers as the biggest demographic cohort in America, Millennials are having a significant influence on culture, media, and the economy. Each year, the number of Millennials in the workforce grows while the number of Boomers (ages 56-70) and Matures (71+) declines. In 2015 alone, some four million Millennials entered the workforce, and around the same number are expected to do so this year. And for Millennials, who have most of their careers ahead of them, independent work is increasingly the future of work.

Millennials are a growing

presence in the overall workforce and in the independent workforce. Millennials clearly identify with the positive attributes of independent work. They typically neither love nor understand corporate hierarchies and are passionate about the flexibility that independent work provides.

Dubbed the “work to live” generation because of their desire for both work-life flexibility and meaningful work, many Millennials entered or were new to the workforce during the Great Recession, when full-time jobs were hard to find. As a result, many Millennials found that independent work was often their best, or perhaps the only, way to get started.

This population, as a result, also became the pioneers (although not necessarily by design) of the “try-out” economy, in which workers are expected to audition as independent workers prior to be offered permanent jobs. Consequently, Millennials say they are more likely to work in short-term fixed contract jobs (19% compared with 4% for non-Millennials) and through temporary agencies (11% compared with 8% for non-Millenni-

als) than older cohorts.

As they've gotten older and the economy has continued to rebound, Millennials have also developed their skills and networks to the point where they can effectively go out on their own. Like their elders, half of Millennials surveyed feel they can earn more money working through gigs than they would via traditional employment.

Millennials also see independent work as a way to explore work alternatives and many plan on building bigger businesses. One in four (25%) reported working as an independent to explore new work opportunities and one in five (21%) plan on building a bigger business in the next 2-3 years.

However, it is clear that Millennials do regard independent work differently than their elders in several key dimensions. While Millennials are attracted to independent work, they report the greatest challenges and are the least satisfied age group. Because they are newer and less experienced at professional networking, 38% report it harder to find work and keep a pipeline flowing to mitigate income uncertainty, versus 22% for

non-Millennials.

As a social, collaborative, team-oriented generation, Millennials report feeling more isolated when they work on their own. In fact, 1 out of 3 Millennials reports social isolation compared with 1 out of 8 Boomers. Millennials are also more concerned about the lack of benefits (41% versus 27% for non-Millennials) and the lack of job security (38% versus 24% for non-Millennials) than older independents.

Such views likely explain why fewer Millennials report being highly satisfied with independent work (53% versus 72% for non-Millennials) and are more likely to say they would prefer having a traditional job (19% versus 12% for non-Millennials).

Despite the challenges, Millennials will likely continue to seek out independent work in greater numbers. In addition to being attracted to the freedom, autonomy and control it provides, they see independent work as a viable career path. One out of five (21%) say their industry now relies on independent workers and 28% report more of their friends are working independently.

Generational Differences



Gen X: Most Likely to Cycle

Gen Xers (ages 37-51) have embraced independent work and report an average of over 10.7 years of independent work experience. Yet, of the three major cohorts, Gen Xers are the only group to drop in size relative to last year, from 30% to 27% of the independent workforce.

While this shift is small, there are life-stage, career and financial reasons that may be pushing Gen Xers out of independent work. First, many Gen Xers are reaching middle age and face the challenges of raising children, making mortgage payments, saving for college, and caring for parents—all while saving for retirement. Given these circumstances, people may place a higher priority on jobs that guarantee a predictable paycheck and the full suite of benefits. As a result, they may be more inclined, when given the choice, to opt for a traditional job over independence.

For those who remain independent, however, flexibility is critical: Half (49%) of all Gen X independents are driven by the desire for flexibility, including 17% who need time to be with children.

Yet, regardless of the potential job offers in an economic rebound, 51% of Independent

Gen Xers report they will not go back to a traditional job. Half say they earn more money working on their own. And only 16% of all Independent Gen Xers say they would rather have a regular permanent job than work on their own.

Of all cohorts, Gen X is perhaps the most agnostic about work and feels a responsibility to control their own career. More than 2 out of 3 (68%) like being their own boss, and 40% don't want to worry about workplace politics. Because they grew up in a period in which corporate loyalty declined sharply, they aren't as idealistic about integrating work with life as Millennials. And they are most inclined to shift from independent work to traditional work—and back again—in cycles to build the experience and professional networks needed to do what they find engaging, makes a difference and pays the bills.

Most Gen Xers were fully in the workplace during the onset of the last recession. So it's not surprising that 22%—1 out of 5—Gen Xers reported that a job loss played into their decision to become independent. That's higher than the rate reported by Boomers (18%). It's also higher than the rate reported by Millennials

(14%), many of whom were too young to be impacted by the recession. Close to half of Gen Xers (47%) felt that previous employers did not recognize the value they offered. And 51% of Gen X men actually feel more secure working independently.

Boomers: Most Likely to Find a Second Career in Independent Pursuits

Independent baby boomers are the age group most satisfied and content with independent work. They report being highly satisfied (76% versus 58% for non-baby boomers), feeling more secure than if they had a traditional job (56% versus 38% for non-boomers) and happier because they are independent (85% versus 79% for non-boomers) at higher levels than other age groups. They are also highly experienced; the average Boomer Independent reporting being an independent worker for 14 years. Not surprisingly, given their experience and satisfaction levels, on average they have higher levels of income (\$74,500 versus \$59,800 for non-boomers) than the other age groups.

Most baby boomers have taken to independent work after dealing with the vagaries of corporate life.

They've been transferred, downsized, regrouped and relabeled enough to get fed up and change their path. In addition, many Boomers have completed the arduous task of raising children, paying for education, or caring for elderly parents. In search of work that is more meaningful and in their control, they're exiting traditional jobs to hang their own shingles, branding themselves as “Boss of Myself” and “Chief Initiator of my Future.” Boomers are more likely to report they own a business (62% versus 48% for non-boomers) and consider themselves self-employed (65% versus 55% for non-boomers) than younger independent workers.

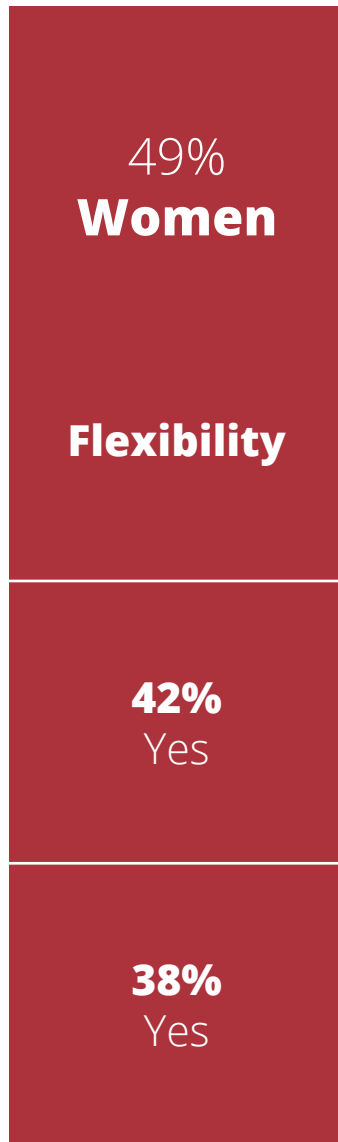
The data also reflects the fact that Boomers are firmly entering their retirement years. Some 16% report they are working independently to supplement their retirement income, with 12% saying they are doing so because they still want to work and 4% saying they still need to work. Additionally, although 73% of Boomers report they plan to continue as independent workers and 8% plan on building a bigger business, 11% say they plan to retire over the next two to three years.

Gender: Equal Opportunity, but Separate Goals and Concerns



Women and men represent equal shares of the independent workforce (49% vs. 51% in 2016). In the U.S., women own only about 35% of all employer small businesses (those with at least one traditional employer.) But when it comes to independent work, male-female participation rates have clung to the 50/50 mark within standard degrees of error throughout the six years of research. Equal participation in the independent workforce is consistent over time.

But women and men report different motivations for becoming Independent—as well as different challenges. Almost 3 out of 4 women feel that flexibility is more important than money (71% vs. 61% for men). While men like flexibility, they love being in charge. Nearly 7 out of 10 men (68% vs. 57% women) love being their own boss and 63% don't like answering to a boss (vs. 56% for women). Millennials are particularly divided in their attitudes on flexibility: 73% of Millennial women enjoy the flexibility of independent work, compared with 57% for millennial men. Some



of this may be attributed to differing abilities in handling the isolation of working solo. Financial challenges divide men and women. A majority of men (52%) feel they earn more money working on their own while only 42% of women



What are you motivated by?

Do you feel you earn more money?

Do you feel more secure?

51%
Men

Being my own boss

52%
Yes

49%
Yes

feel this way. Men also feel more secure working independently: 49% for men vs. 38% for women. There's a twist in confidence with generations: Boomer men feel in more control of their lives than Boomer women (72% vs. 58%) and less worried about

their future (23% Boomer women worry about future vs. 12% men). Yet for Millennials, women—more than men—report much more confidently they have control over their lives (63% vs. 46%) and are able to make an impact (39% vs. 26%).

Positive Economic Impact



In spite of this year's 5% decline in headcount, independents remain a powerful economic force. Together they generated a combined gross income of nearly \$1.1 trillion in 2016. That sum, equal to over 6 percent of U.S. GDP, held steady from 2015, which was up 5.8% from 2014 and is 36% higher than our initial benchmark in 2011.

Independents are active in both the local and global markets. They generated just over 65% of their income—about \$719 billion—locally over the past year. But they also work beyond their local areas and even outside the country. Revenue coming from outside their local area was about \$370 billion. About \$236 billion was from outside their home state. Independents even help with our trade balance, having exported \$37 billion of goods and

\$1.1 trillion

Combined
gross
income

6%

of the U.S.
GDP

\$37 billion

Exports of
goods and
services

services over the past year. To put this in perspective, this is roughly equivalent to U.S. exports of specialty chemicals in 2015.

Creating Jobs through Traditional Employment and Contracting

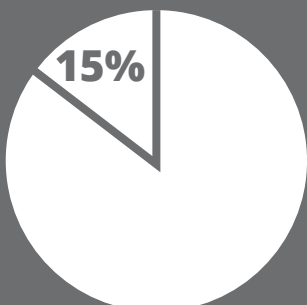
In 2016 15% of Full-Time Independents, or about 2.5 million workers, reported they planned to build bigger, employer businesses over the next two to three years. This is down less than one percent from 2015, but up significantly from the 1.75 million who reported

such plans in 2011.

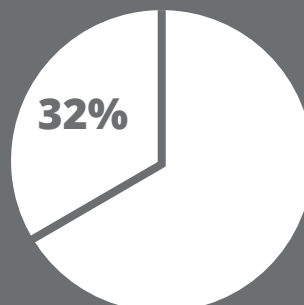
Not surprisingly, younger independent workers are more likely to grow into employer small businesses than Boomers and Matures. More than 1 in 5 (21%) Millennials envision building a larger business in the near future, consistent with 2015. Gen X came in slightly lower than Millennials at 1 out of 6 (16%). The transition from Independent to Business Builder is not new—more than half of all U.S. small businesses with employees started with a solopreneur.

Close to one-third of all independents (32%) reported spending about \$95 billion hiring other independents. This is the equivalent of hiring about 2.3 million full time workers.

As independents hire contractors and traditional employees, they will create millions of jobs across the country. For policy makers, supporting the growth of independent work as a path to employer business creation is critical. Their experience and tenacity helps them walk the walk to small business success.



Full-Time
Independents
plan to **build
a bigger
business**



Independents
report spending
\$95 billion
**hiring other
independents**

The Future of Work: What Independence Brings



Looking ahead five years, we believe that by 2021, the number of committed independent workers—those who work 15 or more hours per week independently—in America is expected to grow from today's base of 16.9 million to roughly 19.2 million.

Three broad shifts are driving this growth.

- Using independent workers provides more flexibility and agility for employers and can often also lowering employment costs. Small business, large businesses and even government agencies are increasingly choosing to hire talent on a project basis only when and where it's needed.
- Workers are more jaded about traditional employment due to layoffs, benefit and pay cuts, increased workload and decreasing job security. At the same time, workers are recognizing that independent work offers greater career and life flexibility, autonomy and control than traditional employment.
- A growing support infrastructure of products, services and programs is making it easier, cheaper and less risky to become independent. MBO Partners is one example, but other examples include low cost Inter-

net-based tools and services for everything from billing to marketing and the Affordable Care Act, which makes getting health insurance easier for independents.

Given these shifts, we expect the high level of Independent working to continue. For those entering the workforce—or trying to stay engaged after a layoff or downsizing—*independence* is, in many cases, the best career option. One of the best ways to gain experience and build networks is through independent work. The 2016 study revealed that about 29 million American workers, 21 and older, who are not currently independent, are considering a shift to the independence in the next 2-3 years. While not all will do so, we project the number of Independents committed to working at least 15 hours per week will rise to 19.2 million by 2021, with another 14.9 million working incrementally as part-timers with side gigs. Add in those who work as independents on an occasional basis and we anticipate roughly 47 million Americans doing some type of independent work by 2021; at that point, independents will account for 41% of the private, non-farm workforce.

But increasingly, the changes being created by independent workers aren't just about numbers. Rather, they are altering the very structure of work in America. As time goes on, the barriers separating traditional and Independent work will continue to erode. Even as companies add jobs, a growing number of highly talented workers will choose to work independently to earn more money without having to put up with traditional management structure. They will in effect have companies compete for their talent, which, for these highly talented individuals, creates a new and more complex long-term work relationship with a portfolio of corporate clients.

In addition, as this year's data shows, there's a continuing movement back and forth between independent work and traditional employment—depending on the needs and desires of both companies and employees. As the economy strengthened, those who brought sought-after talent to the table became more in demand. Many who didn't find independent work as rewarding shifted back to traditional work opportunities as individual sectors recovered and started hiring again. In 2016, 26% of in-

dependents are categorized as Reluctant Independents, down from 28% in 2015.

We see the flow between traditional and alternative work arrangements increasing in numbers and growing in momentum over the next five years. Instead of seeing independent work or traditional employment as separate and distinct paths, careers will become more gig-based both within and across organizations and built by spending time as both traditional employees and independent workers. This path will benefit both employers and workers by providing greater opportunities for personal growth, networking and skills development.

With increased movement within and across organizations, a greater share of American workers will spend at least part of their careers as independents. Some will experience independent work as a side-gig alongside traditional employment. Already about 40% of working Americans report spending time at some point in their careers as independent workers. By 2021, almost half (48%) of the private workforce is forecast to have spent time as independent workers at some point in their work lives.



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