# THE STATE OF INDEPENDENCE IN AMERICA

2018: The New Normal

# Introduction

## The New Normal

The MBO Partners State of Independence report, the industry's longest running comprehensive study of the American independent workforce, serves as a State of the Union for a dynamic movement. In 2018, the 8th annual report finds that the state of the independent workforce is strong, evolving, and multi-faceted.

Independents are the nearly 42 million adult Americans of all ages, skill, and income levels—consultants, freelancers, contractors, temporary or on-call workers—who work independently to build businesses, develop their careers, pursue passions, and/or supplement their incomes. In 2018, the total number of independents rose 2.2 percent to 41.8 million from 40.9 million in 2017.

The topline number didn't change all that much from 2017. But the context and environment have continued to change significantly. The U.S. economy and its labor market remain remarkably dynamic. As the trend of independent work matures and endures, our understanding of it, and of the relationship between payroll jobs and independent work, becomes more nuanced and sophisticated.

A clear message that has crystallized over the last several years came into sharper focus in 2018: Independent work and traditional jobs are not engaged in a zero-sum fight. Rather, the US labor force and jobs pies are growing in unison. The overall number of independents continues to grow, even as payroll jobs continue to rise. To be sure, the number of Full-Time Independents—those working more than 15 hours weekly and an average of more than 35 hours weekly—is inversely correlated with the strength of the payroll jobs markets. But only to a small degree. A strong payroll jobs market also means that those so-called Reluctant Independents are likely to have returned to traditional work if they wish to do so. Between January 2011 and January 2018, the U.S. economy added 17 million payroll jobs; but in that period, in a sign of impressive strength, the number of Full-Time Independents remained roughly the same.

In 2018, we saw several coincidental long-term trends as the nature of work continues to change. These strands weave together to create the fabric of the independent workforce, which is robust and maturing.

# Key Findings

## Traditional jobs aren't going away.

According to the Bureau of Labor Statistics, the US economy has added payroll jobs for 93 straight months, the unemployment rate is 4 percent, and there are 6.7 million open jobs.

## Full-time independence continues to be a viable and attractive option for many professionals, especially for those with in-demand skills.

Companies are growing more comfortable working with independents, utilizing their skills in strategic positions, and paying them more. As a result, the number of High-Earning Independents, those earning more than $100,000, continues to rise—to 3.3 million. Satisfaction among Full-Time independents remains high as well.

## The need for—and interest in—part-time independent work continues to grow.

Economic pressures and the continued growth of platforms and technology are contributors to this uptick in interest and size.

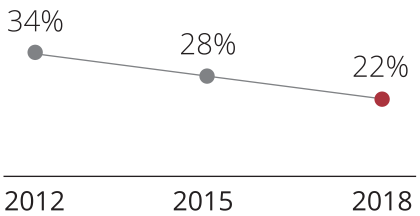
## The new norm is now more likely to be a mix of traditional and independent experience throughout one's lifespan.

An individual's career path may include working at a payroll job, working as a Full-Time Independent, and having a side gig while employed at a payroll job. It's not necessarily an either-or choice.

## Amid Continued Growth, A Tight Labor Market

**FEWER RELUCTANT INDEPENDENTS**

Percentage of Full-Time Independents who would prefer a traditional job




By any measure, the U.S. economy is in the midst of a remarkable run. We live in an age of long business cycles, and while the current expansion that began in July 2009 has been in some ways weak by historical standards, it is showing no signs of letting up. In July 2018, with 108 months behind it, this expansion became the second-longest in U.S. history, according to the National Bureau of Economic Research. Since February 2010, when payroll jobs bottomed out, the U.S. economy added 19.2 million payroll jobs in a little over 8 years. With the unemployment rate at just 4 percent and 6.7 million open jobs, a range of industries, from railroads to fast food, from software to nursing, are reporting shortages of workers and great difficulty hiring for full-time positions. The ratio of unemployed people per job openings, which stood at 6.6:1 in 2009, is roughly 1:1.

These are conditions that haven't been seen in some time, if ever. And the continued growth has several implications. First, it is leading to better terms and opportunities for people who are interested in payroll jobs. That explains why the number of so-called Reluctant Independents—those who are Full-Time Independents but would prefer to be working at traditional jobs—has fallen from 34 percent of the population to 24 percent in 2017 and 22 percent in 2018. Even for those who enjoy independent work, the strong labor market may present appealing benefits and opportunities in traditional positions.

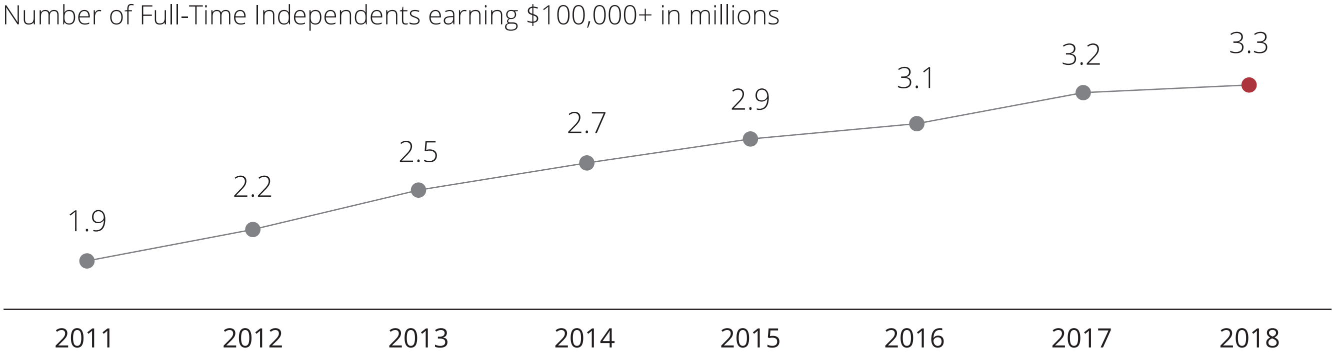
These conditions are simultaneously empowering Full-Time Independents and providing them with more leverage and bargaining power. In many industries and disciplines, skills shortages or talent shortages have emerged, giving highly-skilled independent professionals negotiating power to engage with clients, customers, and corporations—in the U.S. and abroad—on their own terms.

### Full-Time Independents: A Stalwart Core

The number of Full-Time Independents, people who work more than 15 hours a week as independents, dipped slightly in 2018 for the third straight year. But the decline was small—from 16.2 million to 15.8 million, or about 2.5 percent. As the economy added 17 million payroll jobs between 2011 and 2018, the number of Full-Time Independents fell by just 200,000.

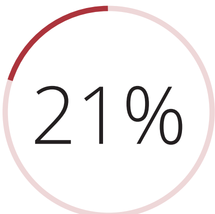
**MORE HIGH-EARNING INDEPENDENTS**

Number of Full-Time Independents earning $100,000+ in millions



**MORE HIGH-EARNING INDEPENDENTS**




of Full-Time Independents report earning $100,000 or more, up from 12.5% in 2011

# Highly Skilled, High Earners

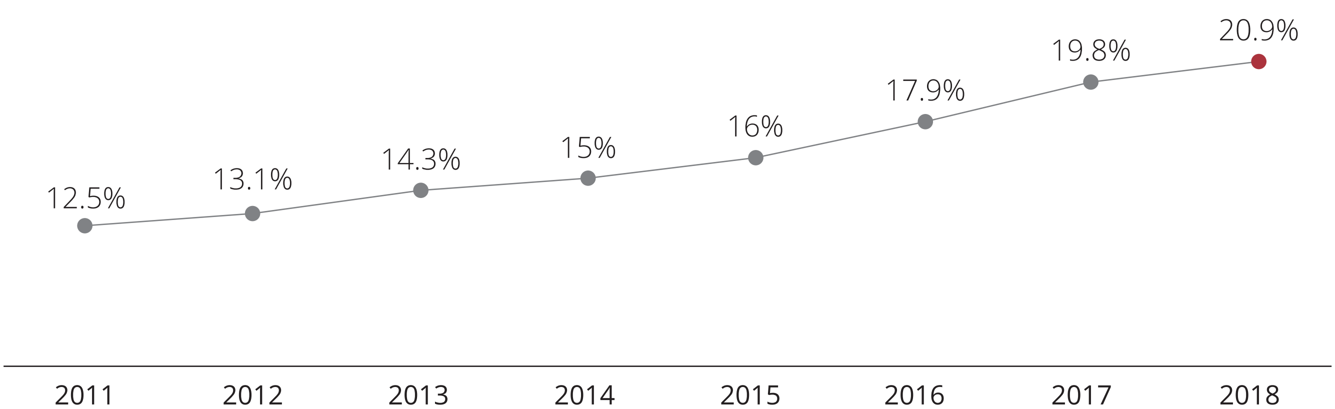
One group of Full-Time Independents continues to grow: High-Earning Independents. These are independent workers who report earning $100,000 or more and likely work in highly skilled fields. Their numbers have increased from 1.95 million, or 12.5 percent of Full-Time Independents, in 2011 to 3.3 million, or 20.9 percent of Full-Time Independents, in 2018.

Several shifts and trends are driving this growth. The improving economy is leading to greater demand for skilled independent talent, which enables them to attract more work and increase their fees or wages. This is especially true in high demand fields such as IT, biotech, and marketing. Strong demand is also leading more skilled professionals—especially skilled, aging Baby Boomers who are looking for the next chapter—to leave traditional employment for independent work.

Organizations are also increasingly turning to highly skilled or external expert talent to achieve their business objectives. A recent SAP/Fieldglass study found that 44 percent of the total talent spending at large corporations is on external, non-employee talent. The study also found that this share will grow over the next few years due to "increasing demand and competition for external workers." The reason? Firms large and small need to access skills they either can't hire or don't need in a traditional employee role. Turning to skilled independents also increases business agility, allowing firms to quickly adjust to shifting markets and competitive pressures.

**PERCENTAGE OF HIGH-EARNING INDEPENDENTS CONTINUES TO GROW**

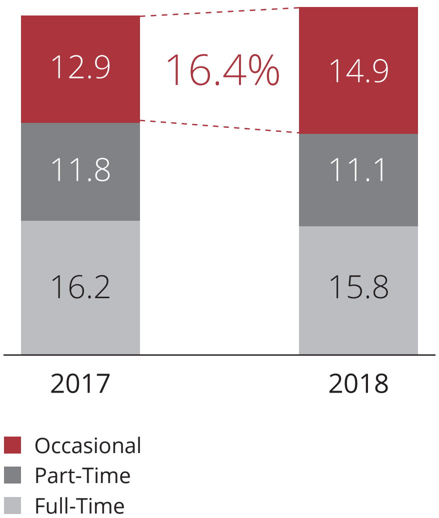
Percentage of Full-Time Independents earning $100,000+



**OCCASIONAL INDEPENDENTS NOW OUTNUMBER PART-TIME**

Millions of people




## Side Gig Nation

The world of work continues to evolve to provide opportunities for people to work independently on a part-time or occasional basis. The overall data on payroll jobs suggests that many people who have been working part-time have been able to upgrade to full-time positions in recent years. It's not surprising that the number of Part-Time Independents, those who work less than 15 hours per week, fell by 5.9 percent to 11.1 million in 2018 from 11.8 million in 2017.

There is a powerful countervailing force at work. On the whole, despite low unemployment, median wages aren't rising all that much—average hourly earnings rose just 2.6 percent between June 2017 and June 2018. More broadly, the U.S. is in a period of sustained long-term wage stagnation. In 2016, adjusted for inflation, the median household income in the U.S. stood at the same level it did in 1999, according to the Census Bureau.

Whether they have full-time traditional jobs or not, large numbers of Americans face a persistent challenge in keeping up with the rising cost of living, health care, and education. They are also vulnerable to financial shocks—unexpected expenses associated with health care or family costs, or reduced earnings due to job loss, reduced hours, or wages.

These enduring trends, combined with the expansion and popularity of on-demand work platforms, have pushed the number of Occasional Independents—those working irregularly or sporadically as independents at least once per month—to rise sharply. In 2018, the number of Occasional Independents jumped 16.4 percent to 14.9 million from 12.9 million in 2017; their ranks have risen 42% percent from 10.5 million in 2016. These are people who may take on occasional part-time work or gigs—driving Uber to supplement income, starting a passion business, testing the prospect of going independent with part-time work, or simply trying to develop some new skills. They now outnumber Part-Time Independents.

While motivations, circumstances, and earnings can differ significantly across these categories of independent workers, they tend to share a similar outlook. Independent work is a viable and satisfying way to build income while affording a greater sense of freedom, control, and purpose.

As time goes on, the climate is growing more hospitable to independent work. The infrastructure surrounding independent work—tools, platforms, and software, but also a sense of community and the shared experience—continues to grow. At the same time, companies are growing more comfortable leaning on independents.

# Meet the Independents

The 2018 MBO Partners State of Independence Research paints a nuanced portrait of the 41.8 million Americans who pursue independent work. Our research shows, year in and year out, that independents represent all ages, professions, educational levels, and geographic locations. The more people who pursue this path—and the longer they do so—the more it becomes ingrained in the collective consciousness that independence is a viable path. By now, more than 47 percent of the U.S. adult workforce reports either currently working or having worked as an independent at one time during their career. Over the next five years, we project that 52 percent of the U.S. adult workforce will either be working or have worked as an independent.

### Age: Millennials and Boomers Dominate

The demographics of the Independent Workforce closely resemble those of the U.S. labor force as a whole. The large demographic cohorts of Baby Boomers (aged 55-74) and Millennials (aged 21-38) dominate both. Millennials, who now comprise the largest—and fastest growing—segment of the workforce, predominate among independents. In 2018, 37 percent of Full-Time Independents were Millennials, while 35 percent were Baby Boomers and Matures (aged 75+), and 28 percent were Gen X (aged 39-54).

### Gender: Women Want Control and Flexibility

In 2018, as in past years, the gender composition skews slightly male: 53 percent men and 47 percent women. But men and women often express different motivations and feelings about independent work. Men are more likely than women to note that they love being their own boss (67 percent versus 58 percent) and to say they don't like answering to a boss (64 percent versus 53 percent). While 56 percent of men reported they earn more money working on their own than at a traditional job, only 44 percent of women said so. Men also said they are more secure working independently, by a 53 percent to 40 percent margin. Women are significantly more likely to note that flexibility was a more important motivator for independent work than men (76 percent versus 58 percent). Women are more likely to say that controlling their schedule was an important reason for them to work as independents than men (71 percent versus 64 percent).

**THE AVERAGE INDEPENDENT**

## Millennial

37% of Full-Time Independents are aged 21-38

## Male

Gender composition skews slightly male: 53% men and 47% women

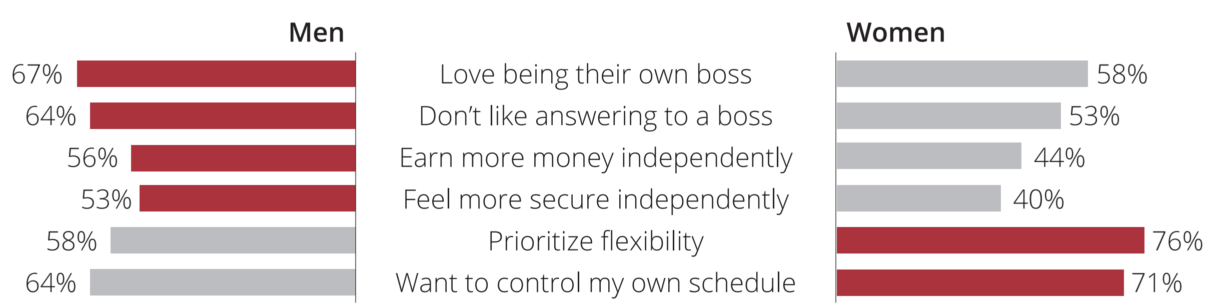
## $69,100 annually

Average income is higher than the median family household income in the U.S. ($59,039)

## 4-year college degree

42% of independents had 4-year college degrees or higher, including 19% with advanced degrees

**REASONS FOR CHOOSING INDEPENDENCE DIFFER FOR MEN AND WOMEN**



### Income: Higher Earnings

The average income for Full-Time Independents in 2018 was $69,100, roughly the same as 2017 ($68,100). As a point of reference, the median family household income in the U.S. was $59,039 in 2016, the most recent year for which data is available. However, 3.3 million, just over one in five Full-Time Independents, make more than $100,000, our High-Earning Independent designation. But there was a sharp divergence among demographic groups, with Millennials earning an average of $47,400 while the older cohorts earned more than $79,000. This difference can largely be attributed to time spent in the workforce. Older workers have more years of experience, strong professional networks, and can command higher rates for their skills.

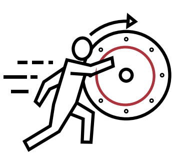
### Education: Graduated Achievement

In 2018, 42 percent of independents had 4-year college degrees or higher, including 19 percent with advanced degrees. That compares favorably with the 34 percent of Americans who have 4-year college degrees and the 12 percent who have advanced degrees, according to the Census Bureau.

## Full-Time Independents

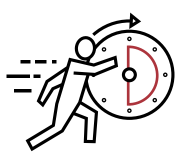
The number of Full-Time Independents, people who work more than 15 hours a week as independents, fell in 2018 for the third straight year. But the decline was small—from 16.2 million to 15.8 million, or about 2.5 percent. Even as the overall number has fallen, the number of Full-Time Independents making more than $100,000 annually, the High Earners, is growing strongly—up 70 percent since 2011. This highly paid cohort (by comparison, the typical American worker earns about $46,000 annually, according to the Bureau of Labor Statistics) is gaining market share. In 2018, 20.9 percent of Full-Time Independents earned six figures; up from 15 percent in 2014 and just 12.5 percent in 2011.

Full-Time Independents have benefitted from the tightening labor markets overall and the demand for their skills, especially in areas like life sciences, marketing, and technology. The conditions have set up nicely for them to demand, and get, more pay. This is the same sort of bifurcation we see in the economy at large—the so-called barbell effect—as higher-income workers with in-demand skills thrive while others face challenges. And there is a certain procyclicality to this trend. As more High Earners experience success, the more they will want to continue to pursue this path, demonstrating to colleagues and friends with payroll jobs that this is a viable career option.



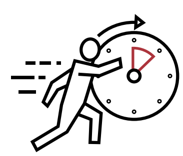
**FULL TIME INDEPENDENTS**

People who regularly work at least 15 hours per week in an average work week and average well over 35 hours per week in independent work. In 2018, there were 15.8 million Full-Time Independents, down slightly from 16.2 million in 2017.



**PART TIME INDEPENDENTS**

People who regularly work less than 15 hours per week in an average work week in independent work with an average of 11 hours per week. In 2018, there were 11.1 million Part-Time Independents, down 5.9 percent from 11.8 million in 2017.



**OCCASIONAL INDEPENDENTS**

People who work occasionally as independents and at least once per month—often known as side-giggers. In 2018, there were 14.9 million Occasional Independents, up strongly from 12.8 million in 2017.

# Part-Time and Occasional Independents

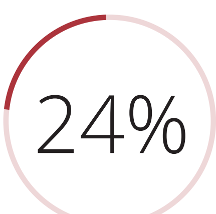
While much of our research covers Full-Time Independents, who comprise a little less than 40 percent of the overall independent population, we believe it is important to understand the motivations and intentions of all those who engage in independent work. Part-Time Independents are people who work less than 15 hours per week in independent work with an average of 11 hours per week. In 2018, there were 11.1 million Part-Time Independents, down 5.9 percent from 11.8 million in 2017. Occasional Independents—or side-giggers—are people who work occasionally as independents and at least once per month. In 2018, there were 14.9 million Occasional Independents, up strongly from 12.8 million in 2017.

The boundaries separating these categories are fluid—a person working as a Part-Time Independent one year might have a full-time payroll job the next year, and a Full-Time Independent this year could be a Part-Time Independent next year. We recognize that a large portion of people who pursue independent work only do so occasionally. In general, there may be several different motivations for those pursuing this type of work. Rather than building a business or working full-time, these independents may be seeking to simply supplement their income (driving an Uber in the hour before heading to work or picking up a quick coding or graphic design assignment during a slow period). They may be seeking to insulate themselves from the financial shocks associated with unexpected health care expenses or salary cuts. They may be pursuing a passion on the side while doing a full-time job (teaching yoga while working as a consultant). They may choose to re-enter the workforce slowly after having taken time off to care for a child or parent by consulting for a few hours a week or be easing into retirement. Or, they may take on assignments from an online marketplace to test the waters of independence while still holding a full-time job, or build a new skill. To a degree, many individuals in the U.S. effectively hold multiple jobs to create a more reliable stream of total income. Regardless of the motivation, the large number of Part-Time and Occasional Independents are a force in their own right.

# How Independents Find Work

A look at how Full-Time Independents work yields some interesting results. The rise of digital technologies, social media, and communications technologies enable people to build networks, establish a professional presence and work with people they have never met and may never see. Yet personal networks remain remarkably powerful when it comes to landing assignments and connecting with clients. When asked their top method of finding work, 44 percent of Full-Time Independents said word of mouth is first, with social media (12 percent) and online commerce marketplaces (like eBay, Etsy, or Airbnb) a distant second or third. Just four percent said online job platforms that match buyers and sellers of services are their top method. Some 67 percent of Full-Time Independents said word of mouth is among their top three ways, while 29 percent included social media in their top three (up sharply from last year, when 21 percent did), and 20 percent said a former employer was one of their top three methods.

**ONLINE PLATFORMS**




of Full-Time Independents said they plan to use an outline platform to find work in the next year

Online platforms have been getting a lot of press in recent years as a disruptive force for the labor market. For each of the past six years we've been asking, Full-Time Independents have said they were more likely to have used an online talent platform to find work over the past 12 months, from just 3 percent in 2011 to 20 percent in 2017, and 22 percent in 2018. At the same time, the proportion of Full-Time Independents who say they plan to use one over the next 12 months has risen—generally outpacing the number who actually do it. In 2017, 25 percent said they planned to use one in the next 12 months, but only 22 percent did so in 2018. In 2018, 24 percent said they plan to use one in the next 12 months.

Several factors explain this rise. Millennials are becoming a more significant proportion of the independent workforce, and people who have grown up with these technologies are more likely to use them. Indeed, the usage of online platforms by Full-Time Independents varies widely by age cohort. Only 12 percent and 13 percent of Baby Boomers and Gen Xers, respectively, have used them in the past year, while 36 percent of Millennials have done so. Put another way, Millennials are three times more likely to use online platforms to find work than Baby Boomers.

More broadly, it is clear that independents are using online platforms to fill openings in their schedules and find new clients. In many ways, online platforms and marketplaces are simply becoming another business channel for independents. And as more specialized platforms proliferate—for everything from dogwalkers to doctors—and grow, more independents are drawn to them.

**THE THREE MYTHS**

## Choice, Satisfaction, and Willingness to Continue

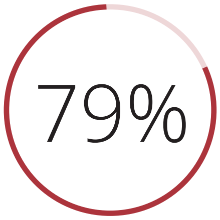
Among the persistent misconceptions about independent work is that those pursuing it are doing so because they can't get a full-time payroll job (it's not their choice), that it makes them anxious and unhappy to do so (they're dissatisfied), and that they would prefer to go back to a traditional job at the first opportunity (they don't want to keep doing it). But that's not what the data tells us.

To a large degree, Full-Time Independents consistently indicate that they are choosing this mode of work because they like it. In 2018, 63 percent of Full-Time Independents said that working independently is their choice completely (compared with 53 percent in 2014), while 26 percent said it is a result of factors beyond their control (down from 34 percent in 2014).

Nearly three-quarters (72 percent) of Full-Time Independents said they are very satisfied (between 8-10 on a scale of 1-10) working as an independent, essentially the same level as 2017, while just 2 percent said they are very dissatisfied. As a result, it's not surprising that most indicate their intention to stay on the path. In 2018, 64 percent of Full-Time Independents said they will continue to work as an independent worker (up from 61 percent in 2017). Some 12 percent overall (and 18 percent of Millennial Full-Time Independents) said they plan to build a larger business. Only 11 percent of Full-Time Independents said they plan to seek a permanent full-time job (down from 15 percent in 2015).

**HAPPY INDEPENDENTS**




of Full-Time Independents said they are happier working on their own than at a traditional job.

# Happier and Healthier

There are further indications of the satisfaction of Full-Time Independents with the path they have chosen. It's not simply that they decide to keep doing so year after year and express satisfaction, it is what they tell us about the way independent work makes them feel. It's common in management circles to hear people talk about the importance of bringing your whole self to work and striking the proper work-life balance. And for many, it is the very act of choosing and pursuing the independent path that is part of who they are. Some 79 percent of Full-Time Independents said they are happier working on their own than at a traditional job. Whether it is because the commutes are shorter, or it provides more time for exercise, 68 percent of Full-Time Independents said that working on their own is better for their health.

To a degree, the uncertainty surrounding independent work has been declining in the years we've been conducting this survey. In 2018, only 33 percent of Full-Time Independents said worrying about the next job/project pipeline was a challenge, down from 46 percent in 2011; only 27 percent said setting boundaries so that work doesn't become a 24/7 commitment was a challenge, and 33 percent cited a lack of job security. These are relatively small minorities.

But independent work is not without its challenges. Slightly less than half (49 percent) said they feel more secure working independently, and only 46 percent said they earn more. While the numbers expressing concerns and qualms has declined over time, some 53 percent of Full-Time Independents said that not having enough predictable income was a challenge, up from 50 percent in 2013. We've also noticed an uptick in one particular concern that can be connected to events in Washington. Since the change in administration in 2016 and the continuing efforts to weaken or repeal the Affordable Care Act, independents have grown substantially more concerned about benefits. Between 2011 and 2016, the percentage of Full-Time Independents citing concerns about benefits as a challenge to working independently fell from 45 percent to a low of 33 of percent. But in the past two years, the proportion indicating such concerns has risen sharply—to 42 percent in 2018.

# Economic Contributions, Domestic and Global

Over the past year, independent workers generated roughly $1.3 trillion of revenue for the U.S. economy, equal to about 6.7 percent of U.S. GDP (2017).

With each passing year, independents account for a larger chunk of economic activity. It is clear that independents have a greater ability to connect with an expanding array of customers and clients, both at home and abroad. The growth of platforms and marketplaces, the growing acceptance and reliance of outsourcing, and the fact that companies around the world have grown more accustomed to working with independents has helped turned independent work into an export. One of the consistent findings of the study is that with each passing year, the proportion of Full-Time Independents with customers outside the U.S. has risen, from just 12 percent in 2012 to 19 percent in 2018, up from 17 percent in 2017. Put another way, nearly one out of five Full-Time Independents is an exporter.

**GLOBAL REACH**

1 out of 5

Full-Time Independents have customers outside the U.S.

**INDEPENDENTS BY INDUSTRY**

| | |
|---|---|
| Other | 30% |
| Construction | 12% |
| Creative Services | 9% |
| Personal Care | 9% |
| Education and Training | 8% |
| Retail/Ecommerce | 8% |
| Consulting and Coaching | 7% |
| Sales and Marketing | 7% |
| IT | 5% |
| Healthcare | 5% |

# Independents Work in All Fields

Independents work in all industries, with no one industry dominating. "Other" is the top answer to our question on industry/occupation. It's followed by construction (12 percent), creative services (9 percent), personal care and related services (9 percent), education and training (8 percent), retail/ecommerce (8 percent), consulting and coaching (7 percent), sales and marketing (7 percent), IT (5 percent), and healthcare (5 percent).

Creative services and IT have high numbers of independents as a share of the total number of workers in those fields. But overall employment in those fields is not as large as industries like construction, retail, and personal services.

# Perceptions of Risk

Not surprisingly, Full-Time Independent workers and non-independents have different perceptions of the risks of being independent. While 26 percent of independents said that being an independent/running your own business is very risky, some 64 percent of those with traditional jobs said so; 19 percent said it was not at all risky, compared with just 5 percent of those with traditional jobs.

In many ways, independent work is like a Rorschach test—with independents and non-independents imbuing the same ink blog with different meaning. Over time, however, perhaps as they have seen more of their peers, friends, and colleagues work as independents, or as they themselves have done so, non-independents' perception of the risk associated with independent work has declined. In 2018, 25 percent of traditional workers said more of their friends are working independently, compared with 21 percent in 2017. For example, in 2018, 55 percent of non-independents said the lack of predictable income was a disadvantage of going independent, down from 66 percent in 2013; 48 percent said it was not as secure as permanent employment, compared with 54 percent in 2013.

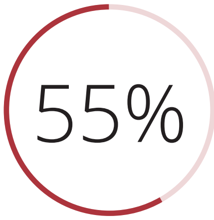
# Automation Won't Take Our Jobs (Yet)

This year, we asked our survey participants about topics of growing importance in the workplace, namely automation. As digitization, automation, artificial intelligence, and machine learning grow by leaps and bounds, there is growing concern about the potential for technology to displace a large number of jobs. Perhaps not surprisingly, Full-Time Independents, who tend to be more confident in the value of their own skills and choices, seem more sanguine about the impact of technology than traditional employees.

When asked to look out 10 years and assess how much of the work they currently do that will be done by robots, machines, or other types of automation technology, 55 percent of Full-Time Independents said it would affect "none of the work I do," compared with 44 percent of traditional employees; only 32 percent of Full-Time Independents said it would affect "some of the work I do," compared with 40 percent of traditional employees.

**AUTOMATION NOT A CONCERN**




of Full-Time Independents said automation would not affect the work they do

Full-Time Independents and traditional employees generally had similar attitudes about how automation will affect their career opportunities (about 28 percent of both cohorts said it would improve them) and income (about 22 percent of both cohorts said it would make it worse). Similar proportions of independent workers and traditional workers agreed that automation would make their jobs easier (about 43 percent) and more productive (about 40 percent), and that automation technology destroys more jobs than it creates (45 percent).

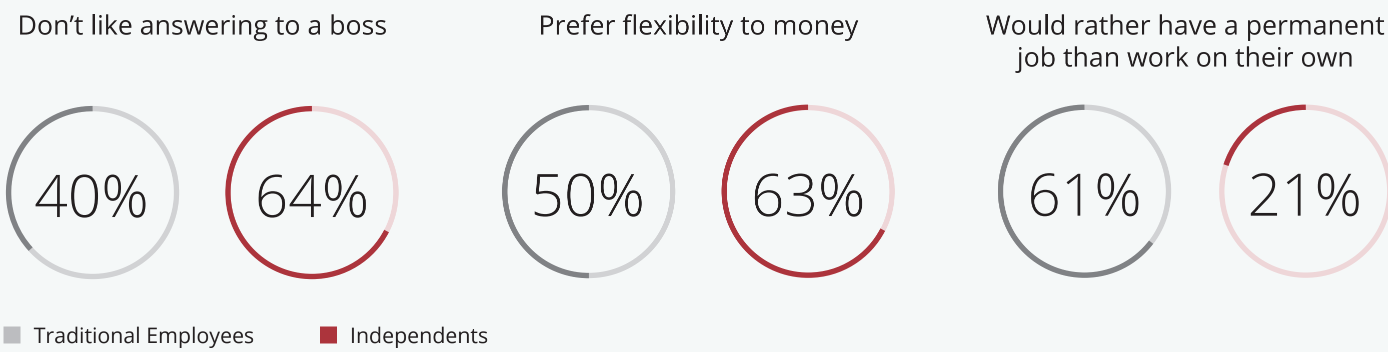
There were a couple of noteworthy cleavages in opinion toward automation. Independents were more likely than traditional workers to say that automation technology would improve work/life balance, by a 42 percent to 36 percent margin. This may reflect the fact that people with traditional jobs see advances in technology generally as a means for the job to be in contact with them at all hours, while independents view it as a force that gives them more control. And, again perhaps reflecting independents' greater confidence in their own viability, 65 percent said they do not worry about losing their job to automation technology, compared with 53 percent of traditional workers.

## Training and Re-Skilling is Critical, But It's More Talk Than Action

Conventional wisdom holds that one of the best ways for workers, whether they are independent or in traditional jobs, to improve their prospects and benefit from technological changes is to continually invest in training and learning. Full-Time Independents and traditional workers were in agreement when it comes to the importance of learning new skills: 42 percent of independent workers and 46 percent of traditional workers said it was very important.

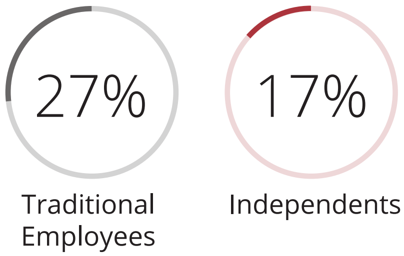
**INDEPENDENTS VERSUS THE TRADITIONAL WORKFORCE**

Independent work isn't for everybody. Pursuing it full-time requires a different mindset, a somewhat greater tolerance for risk and perhaps a different psychographic profile. In a real sense, those with traditional jobs see the world differently than independent workers. It is not simply what they do, but who they are; independent work taps into some part of their being that can't find full expression in a traditional workplace.



**PARTICIPATION IN SKILLS TRAINING**




said they had participated in work-related skills development, education or training in the past month

But this may be another one of those areas where people are more likely to say something is important than to actually do it. It is clear that independent workers may not have the same opportunities, infrastructure, or time to engage in such efforts that traditional workers do. While some 27 percent of traditional workers said they had participated in work-related skills development, education or training in the past month, only 17 percent of Full-Time Independents had done so. Still, it is clear that independents are focused on learning and training. Only 14 percent of independents said they had never engaged in any work-related skills development, education, or training, compared with 12 percent of traditional workers.

## Continued Interest in Independence

Our research finds a continued interest in independent work. In 2018, some 15 percent of non-independent adults (about 31 million adult Americans) said they definitely will or probably will become independent workers or business owners in the next 2-3 years, up from about 13 percent in 2017, while 39 percent said they would definitely not and 23 percent said they will probably not—both of those are down marginally.

Over the 8 years of the study, the percentage saying they definitely or probably will become independent over the next 2-3 years has ranged between 12 percent and 15 percent. Based on our tracking studies, about 10-15 percent of these people (roughly 3-4 million adult Americans) will follow through and become independent workers over the next 2-3 years.

# Looking Forward

## A Future of Independence

Given the disruptions and uncertainty afoot in the world, it can be dangerous to make predictions about the future. But our intensive study of the growth and maturation of the independent workforce over the last eight years has given us deep insight and confidence.

In the coming years, macroeconomic conditions will certainly have an effect on the choices people make about working independently or seeking traditional jobs. We don't know what the unemployment rate will be in five years, or how much automation will displace traditional workers. But we do know that tens of millions of people who currently integrate independent work into their lives, to varying degrees, will continue to do so. The number of Full-Time Independents and Part-Time Independents will likely fluctuate with some reference to the payroll jobs market, but there remains a strong core of committed Full-Time Independents. And as long as economic conditions are benign, we expect the numbers of High-Earning Independents to keep growing. At the same time, the economic pressures and business-model advances that have both necessitated and encouraged side gigs show no sign abating. So, we expect the ranks of Occasional Independents to continue to grow.

## The Future of Independent Work

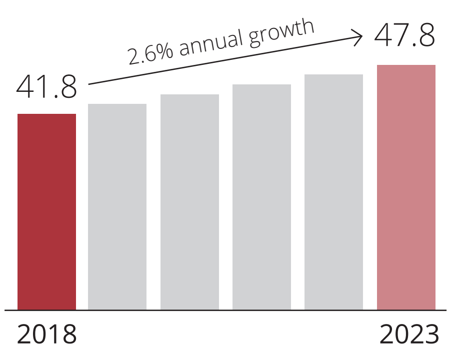
Independent workers play a prominent, widespread, and growing role in the U.S economy. We expect this trend to continue with independent work becoming even more common in the future. Looking ahead five years, we believe that by 2023, the total number of independent workers in America will rise to 47.8 million, up from 41.8 million today. That represents a 2.6 percent annual growth rate, which is more than 3 times the overall employment rate of growth projected for this period by the U.S. Bureau of Labor Statistics. All independent worker segments are forecast to increase in number, with High Earning and Occasional Independents expected to grow the fastest.

Four broad shifts are driving this growth:

- Using independent workers improves business flexibility and agility for employers and can often also lower employment costs. Small businesses, large businesses, and even government agencies are increasingly choosing to hire independent talent on a project basis only when and where it's needed.
- Workers continue to want the autonomy, control, and flexibility independent work provides. This is especially true for skilled professionals, who are in demand due to the strong economy and the growing number of areas experiencing wars for talent.
- The need for supplemental income continues to grow due to stagnant wages and increasing costs, especially for housing, health care, education, and retirement. This is resulting in more Americans adding side gigs and second jobs, most of which are independent.

**INDEPENDENCE PROJECTED TO GROW**

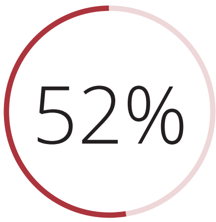
Millions of people



## Looking Forward

**INDEPENDENT AT SOME POINT**




By 2023, over half of the private workforce is forecast to have spent time as independent workers at some point in their work lives.

**ABOUT THE STUDY**

The 2018 MBO Partners State of Independence in America is the 8th consecutive year this study has been conducted. Since 2011, independent workers have completed over 21,000 in-depth surveys and over 1,400 independent workers have been interviewed in-person as part of this study series.

For the 2018 study, Emergent Research and Rockbridge Associates conducted an online survey in March of 2018. This survey had responses from 3,584 residents of the U.S. (aged 21 and older); the results were used to size the independent workforce and profile motivations among independent and traditional workers (margin of error: +/-1.7 percent). The data was weighted to reflect the demographics of the U.S. The 2018 results are generally statistically consistent with the survey results from the prior 7 years.

- 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, Internet-based tools and services for everything from billing and project management to marketing. The continued growth of online talent marketplaces is also making it easier to find clients and deliver services, especially for side giggers and others choosing to work part-time as independents.

In addition to these shifts, the 2017 Tax Cut and Jobs Act provides a substantial tax break for most independent workers. While the IRS has yet to release final guidance in this area, it's clear that almost all independent workers who earn less than $157,500 a year from independent work will be able to take advantage of the new tax break. This incentive will encourage more people to become independent.

Finally, the very structure of work in America is changing. Work is becoming more team- and project-oriented and the barriers separating traditional and independent work continue to erode. Because of this, for an increasing number of Americans it's not simply a matter of having a payroll job or working independently. Many do both and 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.

We see the flow between traditional and alternative work arrangements increasing in number 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 as 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. Already about 46 percent of working Americans report spending time at some point in their careers as independent workers. By 2023, over half (52 percent) of the private workforce is forecast to have spent time as independent workers at some point in their work lives.

## About MBO Partners®

MBO Partners offers the industry's only complete business operating system for independent workers, offering technology solutions that make it easy for self-employed professionals and their clients to do business. By re-envisioning the entire contractor recruitment and engagement lifecycle, MBO improves how talented independents operate and succeed while helping enterprises reduce risk and get the best return on their contractor investments. To learn more, visit mbopartners.com.