



THE STATE OF INDEPENDENCE IN AMERICA

Third Annual Independent Workforce Report

• September 2013 •

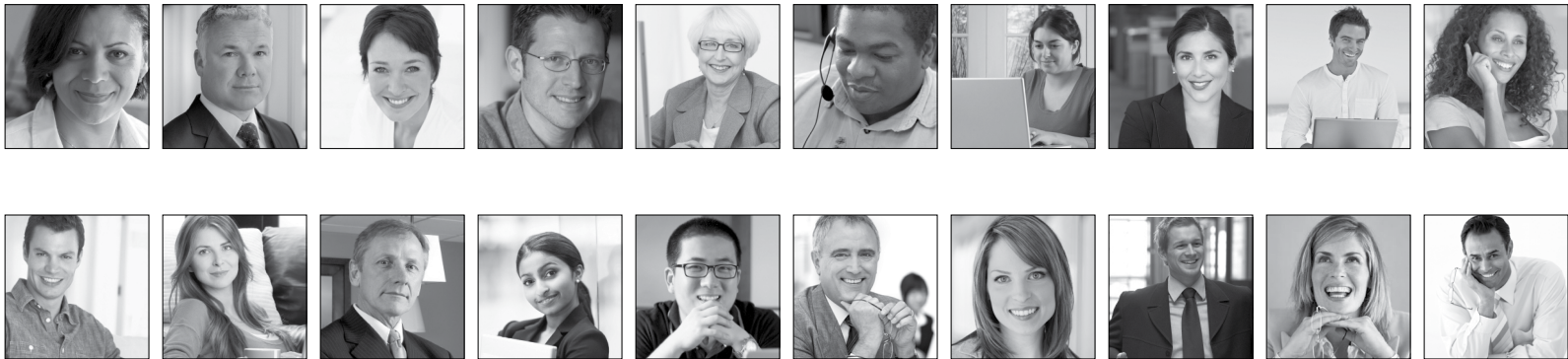


TABLE OF CONTENTS

EXECUTIVE SUMMARY3

KEY FINDINGS—20134

WHO ARE AMERICA’S INDEPENDENTS?5

- Independents Continue to Choose their Path and Like It..... 6
- Generation and Life Stage – and Their Challenges – Influence Satisfaction 7
- Millennials: The Joys and Woes of Independence 7
- Gen X: Confident in Work but Worried about their Future..... 7
- Baby Boomers: Evangelists for Independent Work..... 8
- Matures: Loving Everything about Independence 9
- Gender: Even but not the Same..... 9

IN THEIR OWN WORDS: INDEPENDENTS’ AND NON-INDEPENDENTS’ VIEWPOINTS..10

- How Independents Describe Themselves 10
- Job Makers Take Charge..... 11
- Task Takers: The Reluctant Independents..... 12
- How Non-Independents View Independent Work..... 13

IT’S ALL ABOUT IMPACT: INDEPENDENTS MUSCLE THE ECONOMY FORWARD.....14

- The New Virtual Team-Up is Big Business..... 14
- The \$100K+ Club is Growing..... 14

FUTURE OF WORK: INDEPENDENCE BECOMES REQUIRED AND DESIRED IN CAREERS AND THE ECONOMY 15

ABOUT MBO PARTNERS 17

ABOUT THE STUDY 17

APPENDIX: THE STATE OF INDEPENDENCE WORKFORCE INDEX..... 18

AMERICA'S HIDDEN ECONOMIC ENGINE

2013 brings increased growth and economic impact for nation's 17.7 million independent workers

EXECUTIVE SUMMARY

The 3rd annual *2013 MBO Partners State of Independence in America* workforce study reports a growing headcount of **17.7 million independent workers**, up 5% from 2012 and 10% from 2011 – the base year. Data gathered for the first time in 2013 also reveals the true economic impact of independent work. Workers choosing this path are major contributors to the US economy. **Nearly \$1.2 trillion in total income was generated by these independents, up a strong 20% from 2012.** In addition, independent workers spent over \$150 billion on non-payroll/contractor expenses, helping to boost the recovering US economy.

Painting a continued picture of commitment, independent workers also remain motivated to stay on the independent path. In fact, they see validation of their style of work as more peers join the independent ranks. In 2013, independent contractors, freelancers, consultants, and micropreneurs saw greater rewards and fewer challenges than in the past. The study defines independent workers as those who work at least half-time in this capacity and shows they create a significant economic impact due to the skills and value they bring to the business world they operate in.

Despite a climate of sluggish overall job growth, the independent workforce is expected to continue growing in both size and economic contribution. Based on the results of the survey, the independent workforce identified in this study is expected to grow to 24 million strong by 2018. As independent work becomes more common, a greater share of American workers will spend at least part of their careers as independents. **By 2020, roughly 50% of the private workforce will have spent time as independent workers at some point in their work lives.**

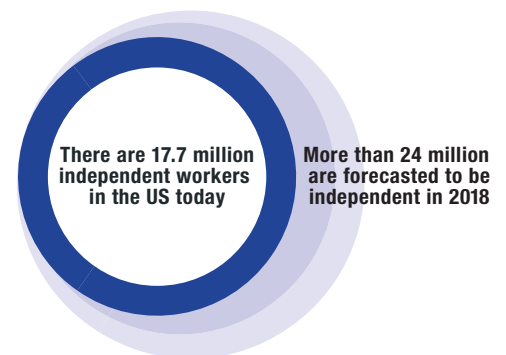
In 2013, it's also clear that independent workers are job creators. In the past year, roughly 1 in 4 independents hired other independents, spending \$96 billion and employing the equivalent of 2.3 million full-time workers via contract hiring.

Based on in-depth surveys of more than 2,000 independent workers nationwide, the *2013 MBO Partners State of Independence in America* research shows that most independents choose and plan to continue this path because they want control over their lives, including the ability to determine when, where and what type of work they do.



Photo Credit: Getty Images.

In 2013, independent contractors, freelancers, consultants and micropreneurs saw greater rewards and fewer challenges than in the past.



KEY FINDINGS—2013

For the third year in a row, the ranks of independent workers grew while hurdles to working solo got just a bit easier to manage. But what's going on under the hood? What are the defining measures for success as an independent and what do they mean for the workforce in America?

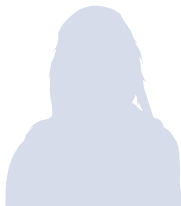
Summary Highlights for the Report and Index Include:

- **Independent workers continue overall to be satisfied with their path.** Independent workers' satisfaction remains strong, with 64% reporting that they are highly satisfied with their work style, a slight dip from 2012 but still higher than the 2011 baseline year. The vast majority plans to continue as independent workers, with 77% saying they will either continue as solopreneurs (63%) or build a larger business (14%). This is consistent but up slightly from last year (76%).
- **Independence is a structural shift, not a blip, in the jobs economy.** The 2013 MBO Partners Independent Workforce Index, a measure created to track growth of the sector, rose yet again: up 2.7% over 2012 and 8.2% over the base year 2011. Independent workers are clearly significant players in the US workforce and create work opportunities for themselves rather relying on traditional employment avenues.
- **Four out of ten adult Americans are either currently working or have worked as an independent at one time during their careers.** Almost one third of adult Americans currently not working as independent have done so during their work lives and about 8% of Americans do so today. Many of the former independents indicate an interest in returning to independent work, illustrating how people increasingly move between independent work and traditional jobs.
- **Independents make a clear and positive economic impact on the US economy, and their impact is growing.** Close to \$1.2 trillion in total income was generated by independents in 2013, up 20% from 2012. They also spent over \$150 billion on non-payroll/contractor expenses. Independents earn income both globally and locally: \$43 billion came from overseas while a robust \$700 billion came from their metro areas. Nearly 10 million households receive at least half of their income from independents.
- **Independents hire other independents.** Although the vast majority of independent workers are solopreneurs and don't have traditional employees, they don't work alone. Over the past year, 26% of independent workers spent a total of \$96 billion hiring the equivalent of 2.3 million full-time workers via contract hiring.
- **One in seven independents plan on building a bigger business.** Close to 2.5 million independent workers plan to launch larger businesses. These nascent entrepreneurs will build businesses that will create additional traditional jobs and spur greater economic activity.

- **Challenges faced by independent workers in 2013 presented less of a burden than in the past.** As this work style becomes more mainstream, independents are finding more tools and solutions to overcome challenges they face as independents. Concerns over retirement, project pipelines, benefits, self-marketing and job security all fell slightly from the base year of 2011, reflecting a 1.4% change in the Challenges sub-index (see page 18 for details on the Challenges sub-index).
- **The independent workforce will continue to grow.** Given the structural shifts in the economy, sustained interest in control over one's career/personal life, and lowering hurdles to entry, the independent workforce — those committed to working at least half-time as an independent — is expected to grow to 24 million by 2018.



14% or 2.5M plan to build a bigger business, up from 12% in 2012

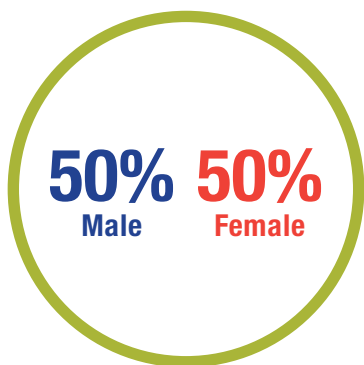


WHO ARE AMERICA'S INDEPENDENTS?

For the 3rd consecutive year, the 2013 MBO Partners State of Independence study shows that independents represent all ages, professions, educational levels and geography. They're actively contributing to virtually every sector of the economy. It's likely that neighbors, friends or relatives are independents or have worked as an independent in the past. In fact, 40% of the US adult workforce report either currently working or having worked as an independent at one time during their careers.

These independents – all 17.7 million of them – self-identify as contractors, freelancers, consultants, temps, solopreneurs, microbusiness owners (with no more than 3 employees in this study), or those working on-call without schedule/income guarantees. They must work at least 15 hours per week in this capacity to be included in the research, although the survey found they're more fully committed to the independent path. In 2013 – consistent with both 2011 and 2012 – nearly 60% reported working 35 hours or more as an independent and almost 3 out of 4 reported working at least 30 hours/week or more.

The spirit of independence flows across geography, generation and gender with an underlying current of passion, self-reliance and purpose. In the US, independents live and work in all 50 states, with about 4 in 10 saying they live in urban and close-in suburban areas, 30% in outer suburbs within commuting distance to a major city, and another 30% in small towns or rural areas. In the 2013 survey, female/male head count came in with a 50/50 split. Age runs the full adult gamut from 21 year olds to those in their 80's who still report working at least 15 hours a week.



INDEPENDENTS CONTINUE TO CHOOSE THEIR PATH AND LIKE IT



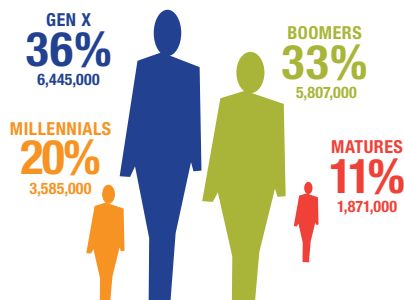
The 2013 *MBO State of Independence in America* research shows that most independents choose this path. Consistent across all three years of research, well over half say it was their choice completely. Another 30% say that choice alongside other factors played a role in their decision. Only 1 in 7 report that the decision to work independently was due to factors beyond their control (layoffs, downsizing, illness, etc).

Independents choose this work style because they want control over their lives, including the ability to determine when and where they work and what type of work they do. They're getting what they want: 64% rate their satisfaction as very high (8-10 on a 10-point scale) and 20% actually assign a top score of 10. Even though independent work has its challenges, most independents feel that the advantages of being in control of their lives and career far outweigh the challenges of working solo.

Most independents – 77% – will stay the course or build a bigger business.

With the responsibility of charting their future comes a sense of ownership – a buy-in to one's future. Most independents – 77% – will stay the course or even build a bigger business. Taking all age groups into account, the average independent has been walking this path for over 10 years. When asked why independents stick with this work style, most say they're driven by the very values that got them started in the first place: more control over their professional and personal lives. It is clear that in stark contrast to the satisfaction statistics around traditional employment, independent workers are by and large, a self-actualized, self-satisfied and motivated group.





GENERATION AND LIFE STAGE – AND THEIR CHALLENGES – INFLUENCE SATISFACTION

Independent work is being adopted by people of all ages. Of the 17.7 million independents in the workforce in 2013, 1 in 5 are Gen Y (aka Millennials, 21-33 years old); 36% are Gen X (34-49 years); 33% Boomers (50-67 years); and 11% Matures (68+). Each group faces unique challenges and opportunities that impact their success as an independent and their overall satisfaction with the work path.

Millennials: The Joys and Woes of Independence

Millennials (ages 21-33) feel free as independents (55%) and like making a difference with their work (78%). A sense of self-esteem comes into play here: 45% indicate that previous employers did not recognize the value they offer (vs. 35% for other ages). Independent work is also a career launch for many Millennials. More than half (51%) said that going independent was their own choice completely. Millennials see the value of independence in terms of professional development: 22% of Millennials (vs. 10% others) said they worked this way to gain skills that would advance their careers.

Millennial independents are generally quite satisfied with independent work. Fifty-two percent responded they were highly satisfied and an additional 22% reported they were satisfied. Their satisfaction is also reflected in their career plans, with 45% indicating they plan on staying independent and additional 21% saying they plan to build a bigger business. Only 28% plan to seek a full-time (26%) or part-time (2%) job in the next 2-3 years.

Despite these overall positive numbers, circumstances beyond their control led many Millennials to independence. Nearly 1 out of 4 Millennials turned to independent work because they couldn't find traditional employment, left jobs they were unhappy with (28%) or due to job loss (16%). Millennials are also more likely to turn to temporary/on-call work (15% versus 6% for non-Millennials) and fixed contract work (19% versus 8% for non-Millennials) – types of work where satisfaction ratings and a sense of personal control are low. These factors help explain why Millennials have a higher comparative dissatisfaction rate with independent work (15% versus 9% for non-Millennials).

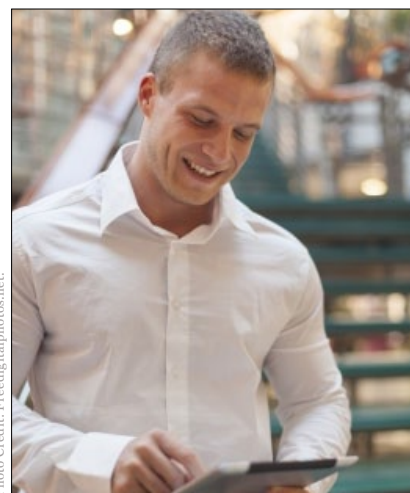


Photo Credit: Freedigitalphotos.net.

Nearly 1 in 4 Millennials turned to independent work when they could not find traditional employment.

1 out of 2 Gen Xers say they earn more money working on their own

Gen X: Confident in Work but Worried about their Future

Gen X (ages 34-49) sees the workplace paradigm shift towards independent work and they're preparing for it. They're agile with online tools and have built both the professional networks and relevant experience to make independence successful. Their industry experience gets them their gigs: 57% say their expertise is necessary for their work. One of two – 50% – say they can earn more money working on their own.

The control that independence allows is also important to this group. Growing up in a world where their corporate parents were either laid off or down-sized, they are both protective and guarded about controlling their professional and personal lives. Almost half (48% of Gen Xers versus 37% of non-Gen Xers) state that work/life flexibility is a key reason for choosing independence and 43% state independence allows them to better control their career (versus 37% for non-Gen Xers).

This year, 44% of Gen X (vs. 34% non-Gen Xers) reported that office politics was one of the reasons they chose self-employment. Interestingly, in 2012, this was a Boomer, not a Gen X, worry. As Gen Xers follow Boomers up the corporate ladder, they're sensing more vulnerability in the traditional workplace. In fact, Gen X continues to indicate that independent work is less risky and more secure than traditional employment.

While Gen X sees a high level of satisfaction with independent work – 60% report being highly satisfied and 17% satisfied - they also worry more than other age groups about managing the burdens of life such as health care and retirement planning. On a life-cycle basis this makes sense: nearly 7 in 10 are either married (55%) or living with a partner (12%), and close to 4 in 10 have kids. Since they've entered the mid-life of their careers, these long-range planning requirements weigh more heavily on their shoulders than for other cohorts.



Photo Credit: iStockphoto.com

57% of Gen Xers say their expertise is necessary for their work and 50% say they can make more money working solo.

1 out of 3 Boomers have made the conscious decision to start their own business.



Photo Credit: iStockphoto.com

60% of Boomers consider themselves “business owners.”

Baby Boomers: Evangelists for Independent Work

Boomers (ages 50-67) see independence as insulating their world from the vagaries of corporate life — and the job uncertainties and dramas that go with it. They're the new evangelists of the shift to independent work. .

Boomer independents have been through the wringer. Over a quarter (27%) turned to independence due to loss of a job from a layoff, termination, or business closure (vs. 20% non-Boomers). Another 17% indicated that they left a job they were unhappy with. They've been transferred, downsized, regrouped and relabeled enough to get fed up and change their path. 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.”

And start businesses they have – even more robustly than initially planned. When asked why they initially shifted to independence, 1 out of 3 Boomers report a conscious decision to start their own business. But when asked what type of independent they are today, almost 60% of Boomers answer “business owners,” with a full 40% saying they run their own solo business and another 19% saying they've built micro businesses with 1-3 employees.

Boomers are very satisfied with independent work, with 84% reporting being either

highly satisfied (68%) or satisfied (16%) with independent work. Only 9% reported being dissatisfied. Not surprisingly, 79% report planning to stay independent (74%) or build a bigger business (5%). Only 8% plan to look for a traditional job.

Matures: Loving Everything about Independence

Of all age groups, Matures (Ages 68+) claim that independence was their choice completely (71% Matures vs. 53% for others). Face it: it's tough getting a job in the traditional workplace when you're 68+. Yet, as a consultant or advisor, there are endless clients looking to tap into the experience and expertise of this group of independents.

Matures are also the most satisfied independent workers, with 94% saying they are highly satisfied (84%) or satisfied (10%). Almost none (1%) plan to seek a traditional job, while 74% plan to continue as independents and 6% plan to build bigger businesses.

While over half of Matures (55%) said they were working in part to supplement their retirement income, 20% reported they reached a level of financial security that allows them to work on their own and only 15% reported they still needed to work. As our oldest age group, it's no surprise 14% plan on retiring over the next 2-3 years.

Gender: Even but not the Same

Women and men turn to independence in equal numbers. This is a common and significant finding for all three years of research. Strong majorities for both genders report that flexibility and doing what they like are more important than making the most money. Both want to control what they do and when they do it.

Yet there are a few nuanced differences that are important: Women want to control their lives; men want to control their work. An average, men report working more hours than women, but women find fewer hurdles in managing business details. Women bring up flex time with kids/grandkids as an important motivation for working independently. This seems to drive women's decisions much more so than men of the same age. See chart on the right for more information.

As a group, women earn less than men working independently, but much of that differential goes away when we control for number of hours worked. Women are also less likely to outsource work to others on a 1099 basis, which is a common practice for high-earning men.



Photo Credit: Getty Images.

Only 15% of Matures reported that they still needed to work.

Independent Work Driver:

"Need Time with Kids"

Age/Sex	Need Time With Kids/Grandkids
Gen Y Men	5%
Gen Y Women	11%
Gen X Men	10%
Gen X Women	23%
Boomer Men	6%
Boomer Women	24%
Mature Men	2%
Mature Women	16%

IN THEIR OWN WORDS: INDEPENDENTS' AND NON-INDEPENDENTS' VIEWPOINTS

How do independents view themselves and the challenges and opportunities presented by independent work? In contrast, how do non-independents view independent work and its benefits and burdens? Comparing and contrasting the two world views presents a fascinating insight into sentiments around the future of work, as more of the national workforce prepares for independent careers as the future.

How Independents Describe Themselves

As part of the 2013 study, independent workers were asked to choose from a list of job titles to describe themselves. Job title choices were: self-employed, business owner, creative professional, consultant, temporary worker, freelancer, independent contractor/professional services, independent contractor/building trades and sales rep/agent/broker.

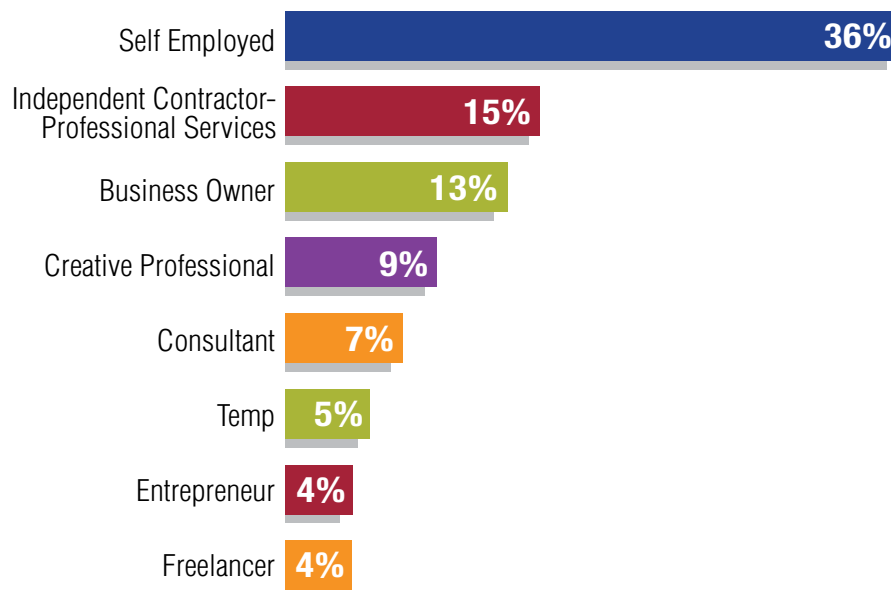
This query was broken into a two-part question. First, respondents were asked to choose all of the titles they felt described them. This was then followed up by asking them to choose one title that best described them.

The most popular title chosen was “self-employed”. Almost 6 in 10 independents (58%) chose this in response to the multiple-choice descriptor question and 36% said it best described them.

When independents were asked to hone in on one label as a self-identifier, other more specialized voices started to appear. The table below shows how independents answered the question, “Which title *best* describes your job status?”

The most popular self-descriptor was “self-employed”

THEY THINK OF THEMSELVES AS...





There were some nuances in how independent workers label themselves by demography and age:

- Millennials were more likely to self-describe as a freelancer, creative professional or temporary worker. Millennials were also less likely to say they were self-employed or business owners.
- Gen Xers were more likely to say they were creative professionals and independent contractor/professional services.
- Baby boomers were more likely to self-describe as self-employed or business owners. They were less likely to describe themselves as freelancers, temporary workers or creative professionals.
- Matures were more likely to say they are consultants or self-employed. They were less likely to self-describe as freelancers or temporary workers.

Those who described themselves as business owners or self-employed reported the highest satisfaction levels.

Other differences emerged. For example, motivations for being an independent vary by job status category. The self-employed, business owners and sales reps/agents/brokers like being their own boss and controlling their schedules. Freelancers, consultants and independent contractors/professional services liked the flexibility that independent work provides. Creative professionals and independent contractors/building trades liked being able to do what they love. Temporary workers were much more likely to be independent because of a lack of other job options.

In terms of satisfaction, business owners and the self-employed reported the highest satisfaction levels: 75% of those who described themselves as business owners and 69% of the self-employed report they are highly satisfied. Overall, 64% of independent workers were highly satisfied. Temporary workers had by far the lowest level of satisfaction, with only 17% reporting they were highly satisfied.

The vast majority of business owners (91%), and self-employed (84%) planned on staying independent or building a bigger business. Temporary workers (79%), independent contractors/professional services (31%) and freelancers (25%) were most likely to seek traditional employment.

Job Makers Take Charge

This year’s in-depth look at satisfaction by different types of independent workers found that those who create, manage and control their own work assignments, work place and schedule – “Job Makers” – reported very high levels of satisfaction (86% satisfied or highly satisfied). In effect, these independents view their work as a business and typically describe themselves as self-employed or business owners.



Photo Credit: iStockphoto

Job Makers reported very high levels of satisfaction and plan to continue as independent workers.

Professionally empowered by independent work, the vast majority plan to continue as independents (86%) and few (4%) are planning on returning to traditional employment.

Job Makers like the control and flexibility independent work provides. Almost three-quarters (74%) said they like being the boss (versus 55% for non-Job Makers) and 62% said they don't like reporting to a boss (versus 52% for non-Job Makers). Most chose independence (65% versus 51% for non-Job Makers). Control of their schedule (72% versus 63% for non-Job Makers) and greater work/life flexibility (52% versus 43% for non-Job Makers) are key reasons they became and stay independent. Most Job Makers feel they are in control of their lives (66% versus 52% for non-Job Makers) and feel working independently is more secure than a traditional job (53% versus 39% for non-Job Makers).

Task Takers: The Reluctant Independents

Those who feel they don't have control over their career, work assignments, work place, or work schedule see independent work very differently. Rather than generating a pipeline of gigs and then choosing what fits best with their skills and interests, this group of independents relies on taking assignments of specific tasks from a contingent employer, middle man or agency. These independents – “Task Takers” – effectively work as employees yet *without* an employer commitment to reliable work schedules, benefits and income. They have little control over where, when and what they do and feel neither empowered nor independent. They are much less satisfied with independent work and almost half (49%) report being dissatisfied. Most (54%) would prefer having a traditional job and only about one-third (35%) plan to continue as an independent worker.

Only about 1 in 10 Task Takers (11%) report that becoming independent was entirely their choice, well below the average for independent workers (56%). Large percentages of this group cite being unable to find a job (49%) and loss of a job (38%) as reasons for becoming independent. Task Takers are less likely to report wanting to be their own boss (40%) or not liking to report to a boss (41%) than Job Makers. They are also less likely to feel in control of their lives (15%) and schedules (34%). Task Takers are more worried about the future (66% versus 26%), lack of job security (60% versus 36%) and lack of predictable income (71% versus 54%) than non-Task Takers.

Those who report being temporary workers, on-call workers and fixed term contract workers are much more likely (39%) to be Task Takers than other segments (22%).

Control of their schedule and greater work/life flexibility are the main drivers for Job Makers' pursuit of independent work



Photo Credit: Fotolia

Task Takers are much less satisfied with independent work and most would prefer having a traditional job.

Only 1 in 10 Task Takers report that becoming independent was entirely their choice.

HOW NON-INDEPENDENTS VIEW INDEPENDENT WORK

For the first time, the 2013 MBO Partners State of Independence survey asked non-independents how they perceived the risks and rewards of independent work. This was done to understand how this non-traditional work style is viewed by the US workforce overall. But more importantly, it provides important information in forecasting the shift from traditional employment to self-employment in the future.

Three key findings come to play:

1. *Non-independents understand the benefits of independent work. In fact, their views are strikingly similar to those who are already independent workers:*

<u>Top Responses for Advantages of Independent Work</u>		
	Non-Independent	Independents
Control Schedule	60%	66%
More Flexibility	51%	61%
Like Being My Boss	50%	60%
Do What I Love	44%	53%

2. *When comparative views of the disadvantages are mapped out, two different risk profiles appear:*

<u>Top Responses for Disadvantages of Independent Work</u>		
	Non-Independent	Independents
Lack of Predictable Income	66%	57%
Not as Secure	54%	34%
Lack of Benefits	53%	38%
Have to Invest Own \$\$	50%	N/A

Non-independents see the uncertainty and lack of benefits as much greater challenges than do independents. Starting a solo business appears riskier to them. More than independents, they believe that starting a business requires access to capital. Non-independents assign a greater weight than independents on the value of employer-provided benefits packages. The implications are clear: while non-independent workers are planning for and desiring the independent work path, many are intimidated by the risks and challenges they might face. Tools and service to help these individuals assess and manage their risk could spur an even higher rate of adoption.

3. *A sizeable portion of the adult Americans have worked as independent workers at some point.*

According to our national survey of adult Americans (aged 21+), 32% said they worked as an independent at some point in their career.. Combining these with the 8% of Americans who are current independent workers means roughly 40% of adult Americans have been independent workers at some point. The march to a 50/50 workforce where half of Americans workers have experienced independent work at some point during their careers may be closer than people think.

IT'S ALL ABOUT IMPACT: INDEPENDENTS MUSCLE THE ECONOMY FORWARD

Independents are here, they're here to stay and they're making a difference. Close to \$1.2 trillion in total income was generated by these self-starters over the past 12 months, up 20% from the prior year. Independents lend a new legitimacy to bottom-up rather than top-down economic development. To wit: they earn about 64% of their income – nearly three-quarter trillion dollars – at the local level. Expand up to the state level and the number becomes 78%, or over \$900 billion. There's even foreign revenue that helps the trade balance: \$43 billion came from overseas.

The New Virtual Team-Up is Big Business

Independents don't always work alone: they contract, build businesses and hire. In 2013, nearly 14% reported that they had plans to build bigger businesses, up from 12% in 2012. When enterprise formation isn't their goal, independents often act like bigger business by building collaborative teams to meet customer demands. In fact, over the past year, independents spent \$96 billion hiring the equivalent of 2.3 million full-time workers via contract hiring.

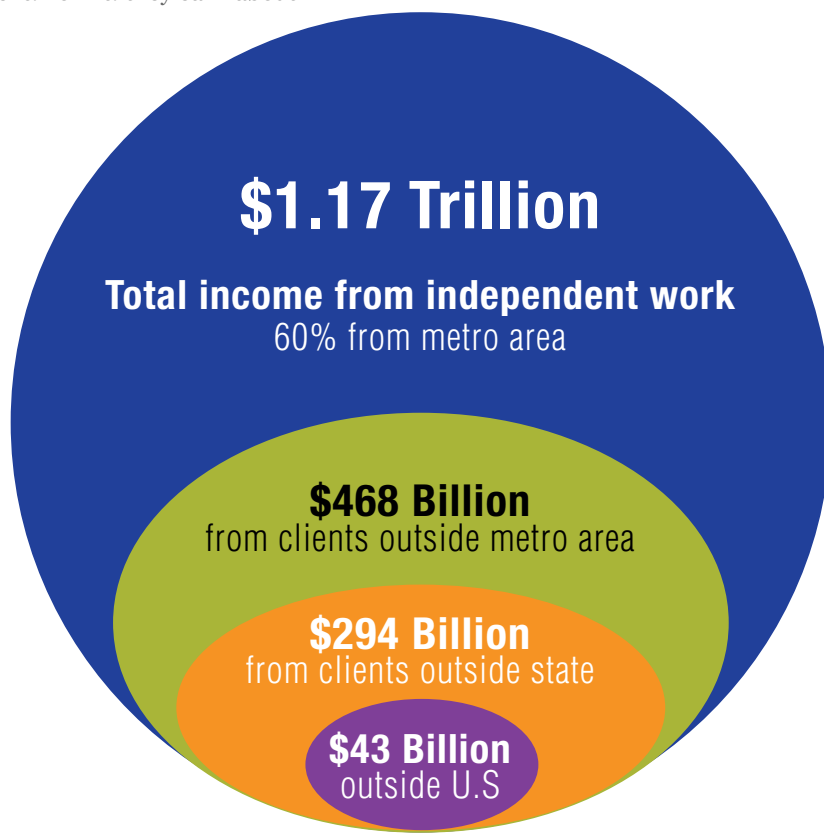
Their economic effect extends beyond jobs creation. Over \$150 billion is spent by this segment on non-payroll/contractor expenses. That's an average of about \$8,500 per year that each solo worker spends to support their work.

Nearly 10 million households receive at least half of their income from independents. These independents generate enough income to support themselves, sustain their households, contract with other workers, and buy goods and services – all providing a significant boost to the US economy.

The \$100K+ Club is Growing

Approximately 2.5 million independent workers, about 14.3% of all independent workers, each generate at least \$100,000 in annual revenue, with a median value of \$149,000. This is up from 2.2 million in 2012, which was just under 14% of all independent workers.

These highly productive independents share many attributes with their



1 in 4 hired others on a contract basis

independent counterparts who earn less, but tend to be older, more experienced and more likely male. Over half (54%) are 50 years or older, versus 41% for those who earn less than \$100k, and 62% have been independent for 11 or more years compared to 43% overall. Men comprise 64% of this high earning group, women 36%.

\$100K+ independents are also much more likely to use a network business model and hire other independent workers (44%) to leverage their work than those making less than \$100k (22%). Overall, \$100K+ independents hired about 800,000 full time equivalent employees last year via contract hiring, a bit over one third of all contract hiring done by independent workers.

Not surprisingly, the vast majority of this group is highly satisfied (79%) or satisfied (10%) and plans to stay independent (74%) or build a bigger business (17%). Only 3% plan to seek a traditional job.



Photo Credit: Freedigitalphotos.net.

\$100K + earners tend to be older, more experienced males.

FUTURE OF WORK: INDEPENDENCE BECOMES REQUIRED AND DESIRED IN CAREERS AND THE ECONOMY

By 2018, the number of independent workers in America is expected to grow from today's base of 17.7 million to roughly 24 million.

By 2018, the number of independent workers in America is expected to grow from today's base of 17.7 million to roughly 24 million. Two broad shifts will drive this growth. First, businesses will continue to turn to independent workers to meet their needs for agility and flexibility due to an increasingly volatile, complex, competitive, and always-changing global economy. Second, workers will become more comfortable turning to independent work as a permanent path or as a stepping stone in building more gig-based careers that build upon both traditional employment and independence.

There are several reasons for these shifts:

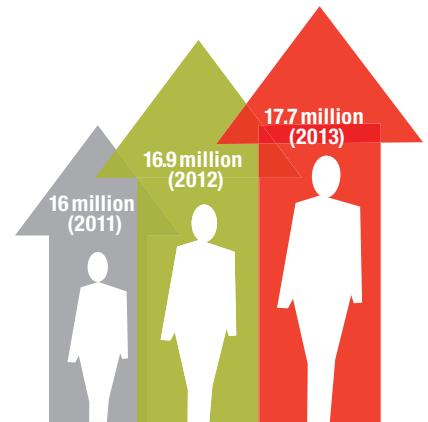
- **Using independent workers provides more flexibility and agility for employers.** Small business, large businesses and even government agencies are adopting management tactics from the lean start-up playbook, hiring talent on a project basis only when and where it's needed. Aberdeen Group released research in 2012 finding that 26% of the Fortune 500 workforce was contingent.
- **Small can wear big shoes.** Size matters less than it did in the past. With high-tech home offices, collaborative facilities such as coworking sites, and virtual space available within reach of an iPhone, looking big while being solo or small isn't hard anymore. Through advanced web tools and low-cost technologies, independents can serve consumers and multinationals alike, depending on what they sell and the strength of their network.



Photo Credit: Freedigitalphotos.net.

Technology enables people to connect to anyone, anywhere and at any time, giving a small business the capabilities of a large firm.

- **Individuals will map and steer their own careers.** Independent work has gone mainstream across all generations, geographies and sectors. It is increasingly seen as an avenue – and sometimes a requirement – for career growth, whether workers are self-employed or traditional employees.
- **Workers are more jaded about traditional work, but more optimistic about themselves.** Both independents and non-independents say they're confident they have the ability to go independent and feel that they can bring to the table skills that were undervalued by previous employers.
- **Despite an improving economy, traditional jobs are still hard to find.** The structural shift towards independent work, coupled with the weak economy and a volatile job market, means going independent is, in many cases, the best career option.



Along with these other drivers, non-independent workers continue to show strong interest in becoming independent. The 2013 study revealed that about 26 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 most of these people will not lay claim to career independence within the next few years (aspirational survey questions on topics like these always lead to higher positive response rate than will actually happen), the study projects there will be a net increase of roughly 6.3 million Americans in the ranks of independent work, reaching a headcount of 24 million by 2018.

26 Million

ARE CONSIDERING INDEPENDENT
WORK IN THE NEXT 2-3 YEARS

www.mbopartners.com | @mbopartners | © 2013 Independent Workforce Report

ABOUT MBO PARTNERS

MBO Partners is recognized as the largest and most experienced provider supporting the \$250 billion-and-growing independent contracting and consulting sector in America. Our services make it easy for independent contractors, consultants and their clients to do business. For self-employed professionals, MBO Partners manages their entire business infrastructure. Our technology platform includes a proprietary process to handle billing and revenue cycle management, contract administration, business insurances, expense management, tax withholding, health and retirement benefits and more. We couple this with the benefits of direct vendor access into enterprises and the “white glove” attention of a dedicated business manager. For organizations that use contract talent, MBO Partners provides a complete independent contractor aggregation and engagement offering, including compliance and payment solutions for 1099s, sole proprietors and micro-businesses. To learn more, visit www.mbopartners.com.

ABOUT THE STUDY

Independent workers are defined as people who work at least 15+ hours per week in non-traditional, non-permanent full or part-time employment and includes workers who identify themselves as consultants, freelancers, contractors, self-employed, and on-call workers, among others. Two separate online surveys were conducted by Emergent Research (www.emergentresearch.com) and Rockbridge Associates (www.rockresearch.com) in May of 2013. 2,018 residents of the US responded to the first survey and the results were used to size the independent workforce and define the interest in becoming an independent worker by the general population. The data were weighted to reflect the demographics of the US and the margin of error for this survey is +/- 2%. 2,024 independent workers responded to the second survey and the results were used to profile their characteristics and motivations. The margin of error for the second survey is +/- 2%. This is the third year of this ongoing study of independent workers and the survey results are generally statistically consistent with the results from prior years.

APPENDIX: THE STATE OF INDEPENDENCE WORKFORCE INDEX

The MBO Partners Independent Workforce index is designed to measure changes in the strength of the independent workforce trend. It is a multivariate index with 12 variables and the data used to construct the index comes entirely from the annual MBO Partners State of Independence study surveys.

The index consists of 3 sub-indices which are designed to capture the 3 key drivers of the independent workforce trend: (1) the number of people participating or considering participating in the independent workforce; (2) satisfaction with being and independent worker; and (3) the challenges associated with being independent.

	2011	2012	2013
SOI Index Total	100	105.5	108.2
Participation Sub Index	100	104.6	108.1
Satisfaction Sub Index	100	106.3	110
Challenges Sub Index	100	106.4	106.6

2013 saw improvements in the overall index and all 3 sub-indices. The participation sub-index, which comprises 50% of the total index, increased due to the increase in the number of independent workers. The satisfaction index, which comprises 25% of total index, increased due to strong satisfaction levels relative to the base year (2011) and a decrease in the number of independent workers saying they are likely to look for a traditional job over the next 2-3 years. The challenges index increased slightly due to modest improvements in how independent workers view the challenges of being independent.

For a more detailed explanation of the State of Independence Workforce Index, [download the 2012 study](#).