



A State Of Independence In America Research Brief

# Highly-Skilled, High-Earning Workers:

The Growth, Motivations and Desires of America's  
Top Performing Independent Talent

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Since 2011, the MBO Partners State of Independence in America series has tracked the size, growth, performance, and sentiments of America's independent workforce. Numbering nearly 42 million in 2018, the independent workforce includes full- and part-time consultants, freelancers, contractors, temporary and on-call workers, along with those who earn income through occasional side gigs.

One of the most interesting trends uncovered in this study is the growth of high-earning independent workers. The number of independent workers reporting earning \$100,000

or more per year has grown from 1.95 million in 2011 to 3.3 million in 2018, an increase of roughly 70%.

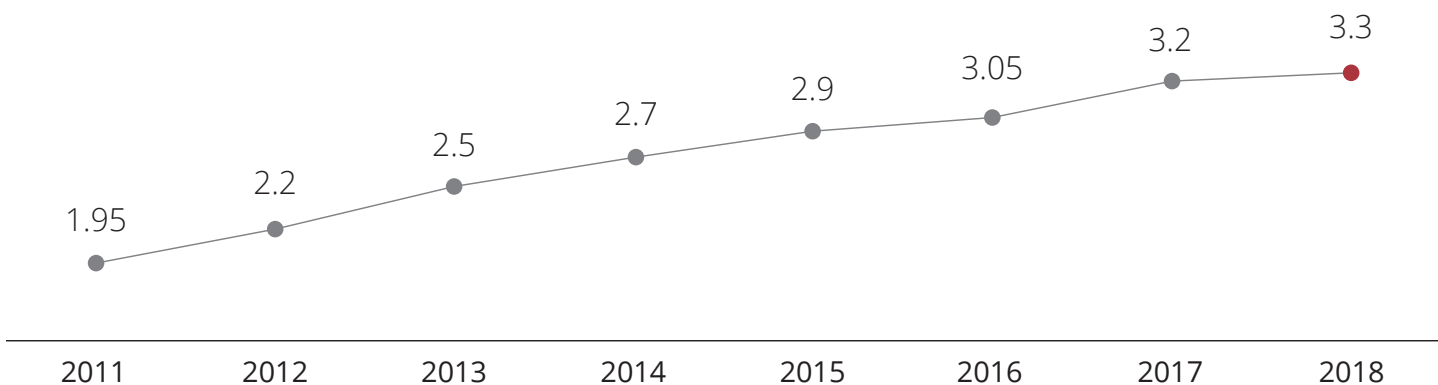
During this same period, the overall independent workforce grew about 31% and total growth of employed Americans increased only about 14%. , In a time period when wage growth has remained stagnant, this number is even more impressive.

In this State of Independence Research Brief, we explore the reasons behind the rapid growth of high-earning independent workers.

<sup>1</sup> MBO Partners. "State of Independence in America." 2011-2018. <https://www.mbopartners.com/state-of-independence>.

<sup>2</sup> Federal Reserve Bank of St. Louis. All Employees: Total Nonfarm Payrolls. 2018. <https://fred.stlouisfed.org/series/PAYNSA>.

## NUMBER OF INDEPENDENTS REPORTING ANNUAL EARNINGS OF \$100K + (IN MILLIONS)



### Trends Driving the Growth of High-Earning Independent Workers

Three broad trends drive the growth in the number of highly-skilled, high-earning independent workers.

First, the strong economy has led to greater demand for skilled independent talent, enabling this population to attract more work and increase their fees or wages. Since the end of the Great Recession in 2009, the U.S. economy has experienced 109 straight months of employment growth, making it the second-longest economic expansion in U.S. history. This is especially true in high-demand fields such as IT, biotech, and marketing. In these and other fields, talent shortages have emerged, resulting in more firms turning to highly-skilled, highly-compensated independent workers to fill these roles.

Second, businesses are increasingly relying on highly-skilled (and well-compensated) independent workers as a significant share of their overall workforce. A recent SAP/Fieldglass study found that 44% of the total talent spending at large corporations is on external, non-employee talent. Echoing this, a survey of global HR professionals at large corporations by Korn Ferry found the use of independent workers is growing and that growth is expected to continue. Small businesses are also increasing their use of external talent. U.S. Internal Revenue Service data shows that small businesses increased their expenditures on non-employee contract labor by 73% between 2011 and 2016 (the latest available data).

The use of highly-skilled independent workers increases business agility, allowing firms to quickly adjust to shifting markets and competitive pressures. Highly-skilled independent workers also bring fresh thinking, more flexibility, and a quicker pace of innovation to both individual projects and the overall business. These reasons, coupled with talent and skills shortages, are leading more firms to use highly-skilled and well-compensated independent workers in strategic or mission critical roles that in the past would have been done by traditional employees.

Third, the growing use of highly-skilled independent workers draws more professionals working in traditional jobs to switch to independent work. Many highly-talented workers are attracted to the work/life flexibility, autonomy, and control that independent work provides. Growing demand for their skills means they're also able to go off on their own and make as much or even more money. As a result, they're doing just that, increasing the number of highly-compensated independent workers.

### Meet the High-Earning Independents

High-earning independents are older and more likely to be male than the overall population of independent workers. Their medium age is 54 (versus 38 for the overall population of independent workers), and 63% are male as compared to 53% for the overall population of independent workers.

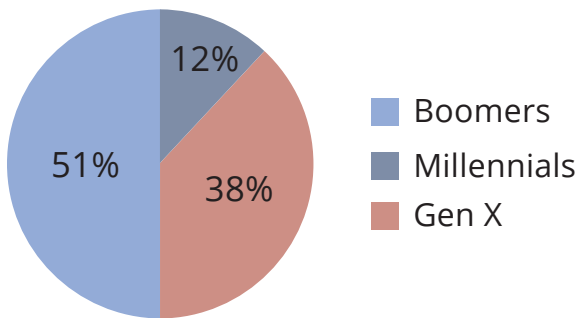
It comes as no surprise that this population skews older. Older workers have more experience and better professional

<sup>3</sup> Desilver, Drew. "For most U.S. workers, real wages have barely budged in decades." Pew Research. August 7, 2018. <http://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades>.

<sup>4</sup> "External workforce Insights." SAP Fieldglass. 2018. <https://externalworkforce.fieldglass.com/resources>.

networks than younger workers. This combination increases the probability they have the type of skills required for high-ly-paid work and the ability to secure good assignments. The skew towards men also reflects age; 58% of full-time independent workers over the age of 50 are male.

### HIGH EARNING INDEPENDENT WORKERS BY AGE COHORT



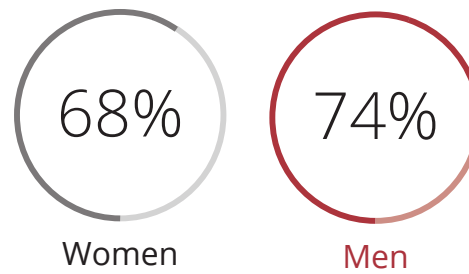
High-earning independents work in a variety of fields and industries, but most (76%) provide professional services of some sort. Marketing and marketing communications (13%), consulting and coaching (12%), and finance and accounting (11%) dominate; other top fields include real estate (10%), information technology (9%), creative services (9%), and healthcare/biosciences (6%).

Most higher-earning independents are full-time (82%) and report on average working more than 45 hours per week. However, 18% report working less than 15 hours per week in an average work week. Most of these part-time, high earners (72%) have business where products, rather than services, are their primary customer offering.

### Gender Differences Exist, but Are Subtler among High-Earning Independents

There are fewer attitudinal differences between men and women who qualify as high-earning independents than in the general independent population. Close to 3 out of 4 of all high earners across gender report that working as an independent is good for their health, yet women are less emphatic about not ever returning to a traditional job (68% women versus 74% men).

### WISH TO STAY INDEPENDENT



Percentage of women and men who are emphatic about not wanting to return to traditional jobs.

High-earning men feel slightly more secure working independently than high-earning women (64% versus 58% respectively) and also report that they've always wanted to be their own boss (80% men versus 69% women). On the other hand, over half of high-earning women view traditional jobs as more secure than independent work (women, 56%; men, 47%), which may reflect women's greater concern over benefits in the workplace as an independent worker (50% for women; 42% for men).

### High-Earning Independents Committed to Independent Work

Most high-earning independent workers feel strongly about being independent. Virtually all (97%) are either highly satisfied (88%) or satisfied (9%) working independently and 71% report it was their choice to become an independent worker. Only 3% say becoming independent was due to factors beyond their control, such as a job loss or layoff.

A cyclical trend towards traditional employment suggests that some workers may move in and out of traditional work to gain additional skills, enjoy more financial security, or to gain additional benefits.

<sup>5</sup> "Korn Ferry HR Exec Survey: Percentage of Contingent, or 'Gig Economy' Professionals in Companies Growing." Korn Ferry. September 5, 2018. <https://www.businesswire.com/news/home/20180905005415/en/Korn-Ferry-HR-Exec-Survey-Percentage-Contingent>.

<sup>6</sup> IRS. SOI Tax Stats – Nonfarm Sole Proprietorship Statistics. Through 2016. <https://www.irs.gov/statistics/soi-tax-stats-nonfarm-sole-proprietorship-statistics>.

Most say they've always wanted to be their own boss (75%) and they don't like answering to a boss (76%). Few, only 14%, say they would prefer having a traditional job instead of working independently. Only about one in ten (11%) said they are considering moving to traditional employment over the next few years. Our data doesn't ask why, but a cyclical trend towards traditional employment suggests that some workers may move in and out of traditional work to gain additional skills, enjoy more financial security, or to gain additional benefits. Also, 88% report they are happier and 72% say they are healthier working on their own instead of having a traditional job.

## High-Earning Independents Will Continue to Grow in Numbers and Importance

High earning independent workers already play a prominent and widespread role in the U.S economy. The

trends behind the growing use of highly-skilled and highly-compensated independent workers—increased business agility and flexibility, continued talent shortages, the desire on the part of skilled professionals to become independent—are strong and likely to gain strength in the coming years. Because of these powerful trends, we believe the number and use of highly-skilled and highly-compensated independent workers will continue to grow over the next decade.

*For more information on the independent workforce, read the 2018 State of Independence in America report by MBO Partners, [mbopartners.com/state-of-independence](http://mbopartners.com/state-of-independence).*