



**11TH ANNUAL STATE OF INDEPENDENCE**

# The Great Realization

**MBO** partners® | Research Report | December 2021

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# SETTING THE SCENE

# 01

Millions of people are re-examining their career paths and goals, their relationship to work, and their priorities.



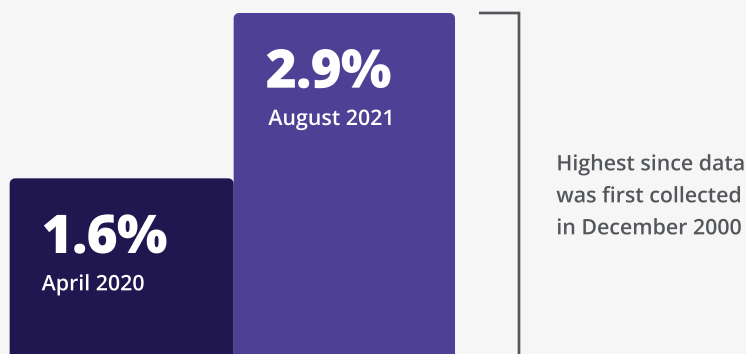
# The Great Realization

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The COVID-19 health crisis, and the attendant shocks it inspired, spurred immense churn in the American workforce. In 2020 and 2021, many baby boomers retired ahead of schedule; sadly, several hundred thousand people of working age died. Large numbers of workers who were furloughed, or sent home, or forced to work remotely during the pandemic began to rethink what work means to them, how it should define (or not define) their lives, and where it should be done. Across the board, people are seeking better work-life balance, shorter commutes, greater flexibility, and the ability to pursue their passions. This has translated into what analysts have dubbed The Great Resignation.



## Quit Rates



According to the Bureau of Labor Statistics, the Quits Rate, the percentage of people who leave their jobs voluntarily each month, rose from 1.6 in April 2020 to 6.4 in August 2021. That's the highest reading in the 21-year history of this metric. People aren't simply quitting to cross the street for a new payroll job at a different company. The number of open jobs has, in fact, trended sharply upward throughout 2021, to a record 10.9 million at the end of July. Many of those quitting are clearly turning to independent work, whether they are spending a few hours a day consulting, creating videos on YouTube full-time, or building a business with the skills they acquired at their jobs—but this time on their own terms.



# What Does it Mean?

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Millions of people are re-examining their career paths and goals, their relationships to work and their priorities.

In this period of change and renewal, we've shifted from The Great Resignation to The Great Realization. People are realizing the possibilities of change and they're seizing control of their destiny while embracing a newfound ability to set the terms of their employment.

This is the occasionally confounding, often inspiring backdrop of MBO's 2021 State of Independence Report. In this, our 11th year, we note continuing changes from powerful existing structural and cyclical forces playing out against the backdrop of the largest and fastest scope of global evolution known. We see the intersect of technology, international trade, rising independence, skyrocketing demand for skills and the relentless search for efficiencies. And, we layer it with an analysis of new trends.

Demographic changes have shifted the makeup of the independent workforce and the rise of the Creator Economy has spurred a new class of independent workers. And, of course, there are the continuing public health concerns from the pandemic. These shocks to the U.S. economy in the past 18 months have had a profound impact on how we live, work and the way in which we view work. They've proven to be a significant boon to America's independent workforce, which is growing in size, complexity and confidence.



# A NEW WAVE

# 02

More women and professionals near the start of their careers are joining the ranks of independent workers.



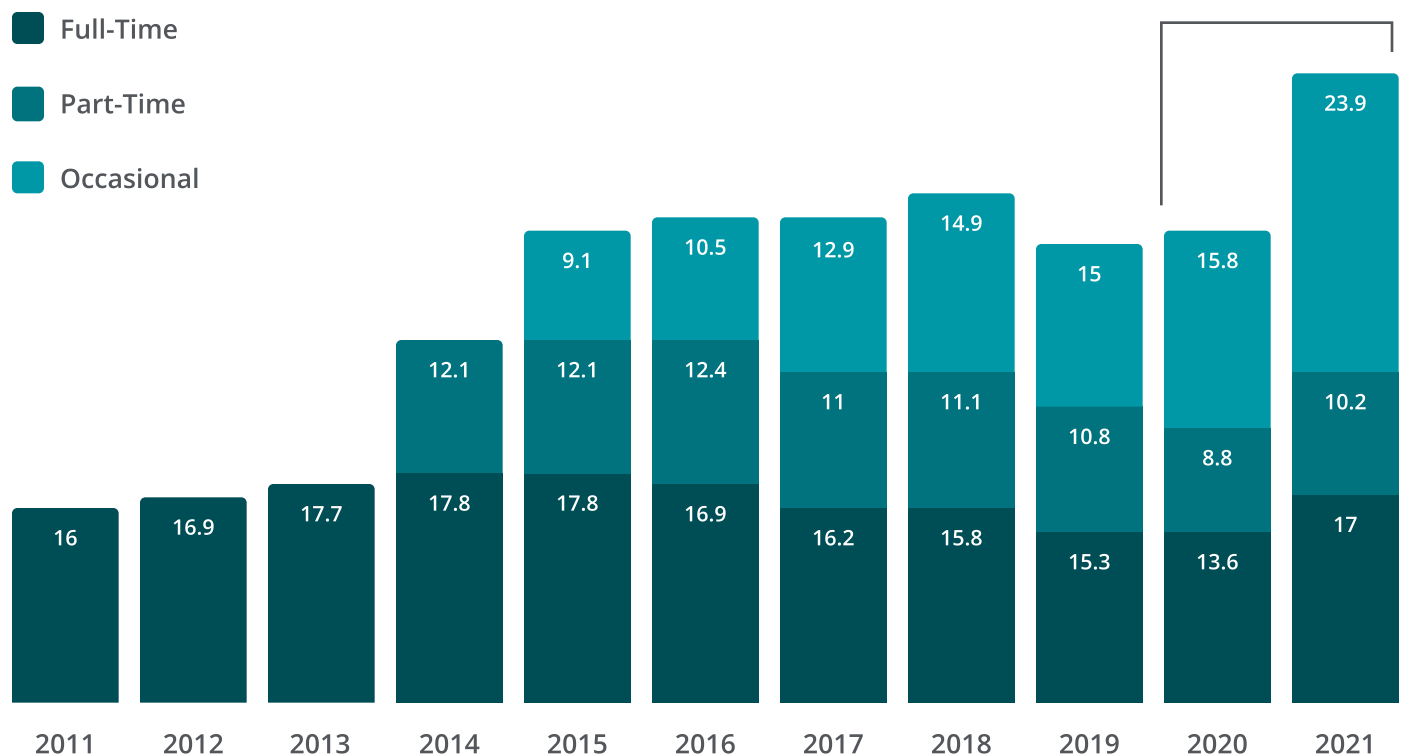
# Independent Surge

After falling by 7% in 2020, largely due to the pandemic, the overall number of independent workers grew sharply in 2021: up 34%, to 51.1 million from 38.2 million in 2020.

Growth was evident across the board. Full-time independents, those who work more than 15 hours per week, rose 3.4 million, or 25%, from 13.6 million to 17 million. That figure is the highest number of Full-Time Independents reported in our survey since 2015, when a tightening job market began to pull people back to payroll jobs.

The larger group of part-time independents, who regularly work fewer than 15 hours per week, rose 39%, or 9.1 million, from 24.6 million to 34.1 million. The fastest growing segment of Part-Time Independent are Occasional Independents—people who work regularly, but part-time and without set hours. Their numbers rose sharply, from 15.8 million in 2020 to 23.9 million in 2021, up 51%.

## Total Independent Workforce (in Millions)





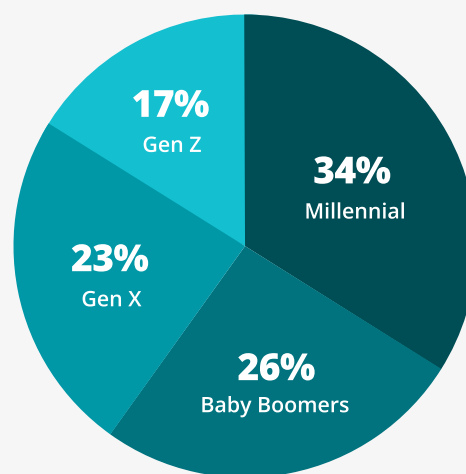
# A Demographic Reshuffle

Each year, more baby boomers age out of the workforce. Millennials, those born between 1981 and 1996, are growing in strength and numbers while more from Generation Z, born between 1997 and 2012, find their way into the working world. For the first time, millennials (34%) and Gen Z (17%) outnumber the combined ranks of baby boomers (26%) and Generation X (23%) in the independent workforce.

Some 68% of new arrivals to independent work are millennials or Gen Z. The recession of 2020 hit younger workers particularly hard, pushing many to join the independent workforce either for supplemental income or as their primary income source. Many younger workers have also decided they don't want their lives defined by work. Instead, they seek autonomy, freedom and control. And, they look for work that fits their values and passions.

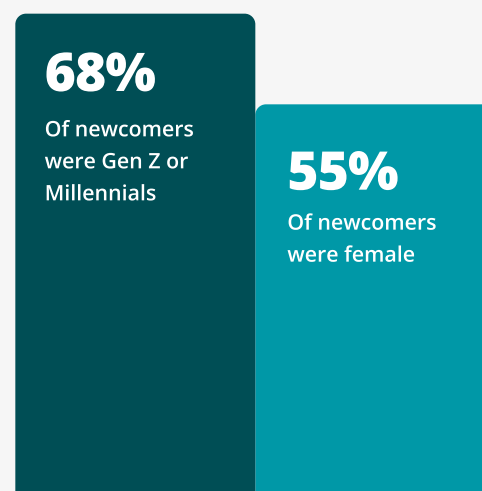
On average, newly independent workers in 2021 were also more likely to be female. Some 55% identified as female, up from 46% in 2020. In what analysts dubbed the "She-cession," women were more likely to leave the workforce than men during the shutdowns. As childcare and education went remote, women bore the brunt of caregiving and needed more flexibility than traditional jobs could provide. This led women to seek independent work to earn income in a way that better fit their demanding schedules. As a result, the share of women independents returned to pre-pandemic levels of 48% in 2021 after falling to 42% in 2020.

## Demographic at a Glance



Millennials and Gen Z outnumber  
Baby Boomers and Gen X

## New Faces



# The New Creator Economy

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This year, we began to track and measure the rising group of independent workers who can monetize their knowledge, skills, and creative abilities in the Creator Economy. While TikTok star Charli D’Amelio, YouTube celebrity Mr. Beast, and others whose social media followings rank in the millions get publicity, the reality is that the vast entertainment, marketing, and advertising complex is evolving to tap into this new class of independent influencers and creators. Of the 7.1 million independents who say they earn money in the Creator Economy, 37% say they are full-time independent creators and 63% say they are part-time creators.

As in many creative endeavours—music, writing, acting, art—a few do remarkably well while the vast majority engage in the activity because it is fun, or a hobby, or a passion. The top five sites for those earning money in the Creator Economy are: YouTube, Facebook, Instagram, TikTok, and Twitch.

## Part-time vs Full-time Creators

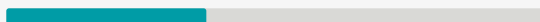
**63%**

Part-time



**37%**

Full-time



# HOW THEY FEEL

# 03

Independent workers are more confident  
and happier in their choice of career path.





# Independent By Choice

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At a time when traditional payroll jobs are plentiful, independent workers are, in effect, constantly weighing whether to stay on the path they have chosen.

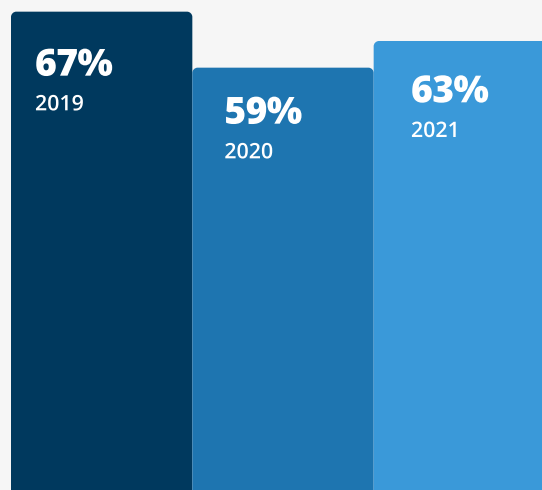
The growth in numbers, especially among full-time independents, shows a higher level of confidence. There's growing evidence that the core of the independent workforce is doing so by choice, is increasingly confident, and is committed to pursuing their work.

In 2021, 63% of independent workers said that working independently was their choice completely, up from 59% in 2020, and close to the 67% who reported in the affirmative in 2019. Satisfaction remained strong.

Overall, 77% said they were very satisfied with independent work, up marginally from 76% in 2020, and the highest reading in the 11 years of the survey.



**Percentage Choosing Independent Work**



# The Happier Path

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Full-time independent workers are, in general, happier and healthier in their career paths than they were in more traditional roles.

Nearly nine out of ten (87%) of full-time independents said they're happier working on their own. And, 78% said working on their own is better for their health, up from 71% in 2020. Sixty-eight percent also said they feel more secure working independently than at traditional jobs, and 58% said they earn more money. Finally, 76% of full-time independents said they're optimistic about the future of their career, up from the pre-pandemic reading of 65% in 2019.

That's not to say independence doesn't come with challenges. Most cited was not enough predictable income (44%, up from 39% in 2020). But over the years, the proportion of independents expressing concerns about benefits and a lack of job security have fallen sharply. There's also been a drop in the number of those saying they're worried about the next job or their project pipeline, with only 31% saying so in 2021, down from 41% in 2020.

In 2021, 56% of independents said they wanted to remain solopreneurs while 18% said they plan to build a larger business, indicating a full 74% who intend to remain independent. Only 11% said they'd seek a permanent full-time job, down from 15% in 2020.

## Sentiment at a Glance

**87%**

Are happier working on their own

**78%**

Are healthier working on their own

## Percentage Planning to Build a Larger Business

**12%**  
2020

**18%**  
2021

**50%**  
Increase

# A Rising Confidence

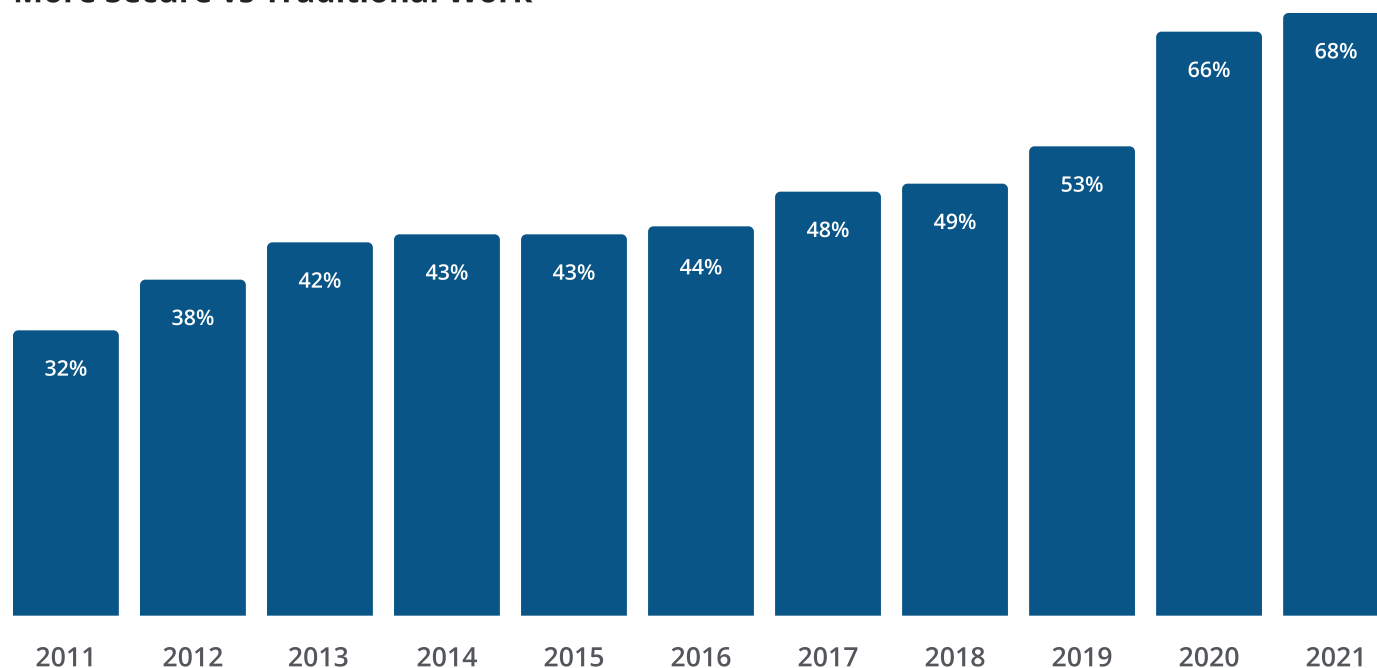
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The pandemic has reinforced the growing view that traditional jobs are riskier and less secure than they once were. The elimination of 20 million payroll jobs in the space of a few weeks in March 2020 made many people realize the precariousness of what they had previously thought to be secure positions. At the same time, as more people work as independents for longer periods of time, they—and their friends and colleagues—start to view it as less risky. In 2021, about two-thirds (68%) of full-time independent workers say that working independently is more secure than having a traditional job.

In one of the most notable trends in our study, this measure has risen for 10 straight years, from only 32% in 2011. Since 2018, we have also asked traditional workers whether they feel that working independently is more secure than working a payroll job. In 2021, 29% of traditional workers agreed with this statement, up from 18% in 2020.

As independents continue their path and become more visible, the choice is being seen as less alternative and more mainstream. Over the years, the proportion of full-time independents who say more of my friends are working independently has risen steadily and stood above 40% in 2021. The number of full-time traditional workers reporting the same has risen as well, with 38% saying so in 2021.

## Percentage of Independents Feeling More Secure vs Traditional Work





# NEW WAYS OF WORK

# 04

Workers are finding more money, opportunities and flexibility going independent.



# Unprecedented Opportunity

One of the reasons people see greater possibilities in independent work is that businesses are becoming more comfortable working with independents. For the last several years, we have been tracking the ranks of what we call independent service professionals. These are full-time and part-time Independents who provide services to businesses (as opposed to consumers). Their number rose 9.4% in 2021, to 8.1 million.

Many of these professionals were at the right place at the right time. In an era of sharply rising demand (as the economy emerged from shutdown) and sharply lower payrolls, skilled employees in the right fields, like health care and technology, found themselves in great demand. Others discovered that, in some instances, they could quit their jobs and earn higher incomes working independently.

The number of independents reporting annual earnings of \$100,000 or more soared in 2021, from 3 million to 3.8 million, an increase of nearly 30%. That's the highest number of high-earning independents in the 11 years of the survey, and nearly twice the number in 2011.



## Percentage of Independents Earning Over \$100K

**3M**

2020

**3.8M**

2021

**30%**  
Increase

# Work From Anywhere

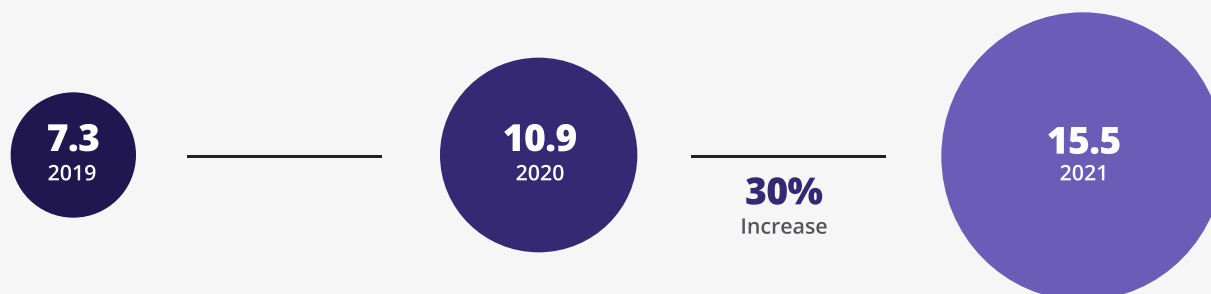
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Part of the reframing is where work happens. Even before the pandemic, a lot of attention was paid to digital nomads, people who can theoretically work from everywhere, equipped with their laptops and internet connections.

In 2020 and 2021, in the U.S., many people left large cities to seek safety in rural areas, or moved to be closer to family, or decided to combine travel and work and become digital nomads.

The number of American digital nomads rose 42% in 2021, from 10.9 million in 2020 to 15.5 million. While most of them were traditional workers, there were 5.3 million independent nomad workers in 2021, up 15% from 4.6 million in 2020.

## Number of Digital Nomads (in millions)



Increasingly, the customers of independents can be found all over. In a global economy, online platforms, technology, and growing sophistication have led more independents to find new markets and connections outside the U.S. borders. In 2021, a record 29% said they provided goods and services to customers outside the U.S., up marginally from 28% in 2020, but more than double the 13% in 2016.

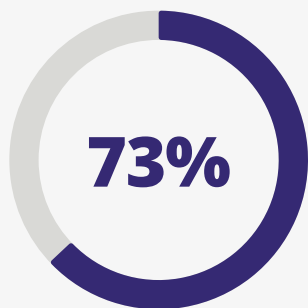


# Independent Side Hustle

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The U.S. has long been seen as a two-tier economy, with those at the very top thriving while many at the bottom struggle. This effect is replicated in the independent workforce. As noted, those with in-demand credentials and skills are finding they can charge a premium for their work. But the loss of payroll jobs, combined with the rising cost of living, is pushing more people to supplement their income via independent work. This is particularly evident among the part-time and occasional independents, the fastest growing portions of the independent workforce.

Of those who started working as part-time independents in the past year, 73%, cited supplementing their income as a reason for going independent.



Of new part-time independents cited supplemental income as a reason for going independent



# Referring Work

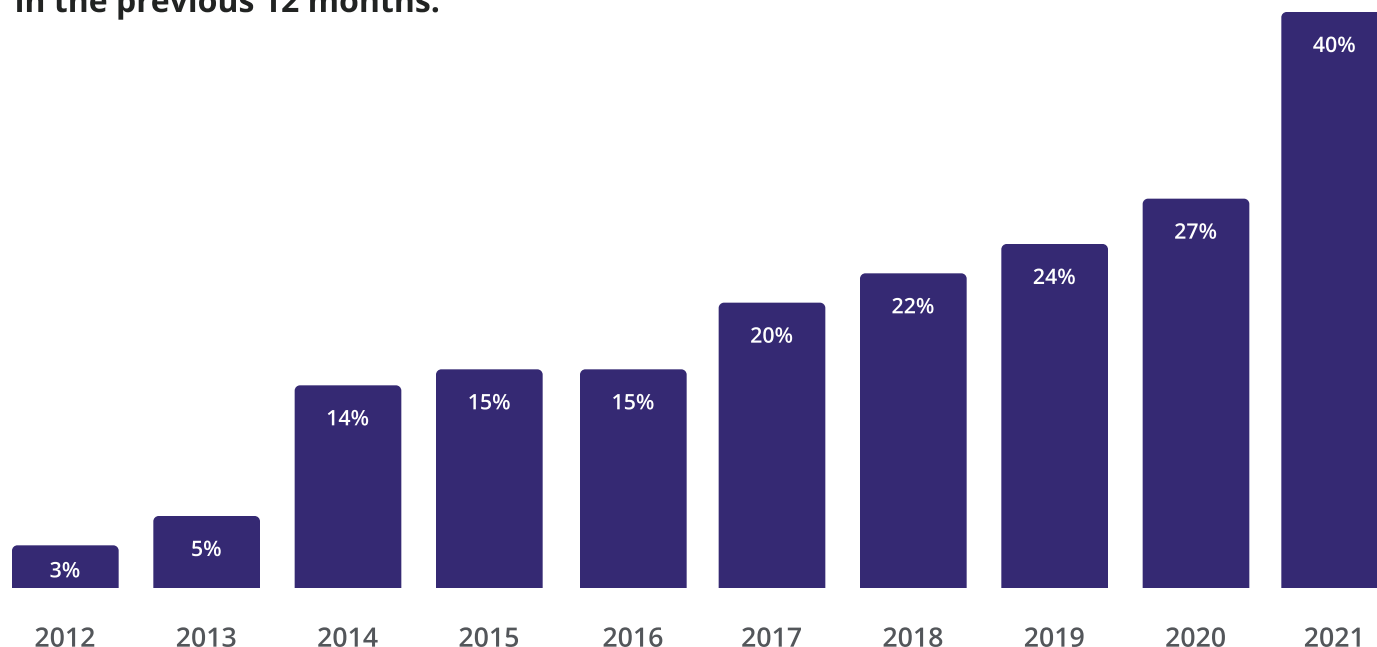
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Online platforms and marketplaces have acted as powerful facilitators, making it easier, cheaper and more convenient for independent workers to start businesses and find customers.

And as time goes on, more companies and individuals are comfortable using them to acquire talent and get work done. These platforms can also provide sturdy on-ramps for newly independent workers to get started and find customers. These are among the growing and expanding ecosystem of products, services and programs that cater to independents. The services provided by MBO Partners is one such example, with other examples including low-cost, internet-based tools and services for everything from billing and project management to sales and marketing.

The trajectory of these platforms has been one of the most powerful growth stories in this survey. In 2011, only 3% of independents reported using an online talent platform in the previous 12 months. As recently as 2017, only 20% did. But in 2021, an impressive 40% said they had done so in the past year. And an even higher number—43%—said they planned to do so in the coming 12 months.

## Percentage that used an online talent platform in the previous 12 months.



# Referring Work

Online talent marketplaces are increasingly becoming just another sales channel for many independent workers—and perhaps one of the more common ones. Based on interviews and other research we have conducted, the main uses of online marketplaces are to fill in gaps in schedules, to find new clients (especially for those who are new or starting up), to learn new skills, and to explore new markets.

Online marketplaces aren't the only digital platforms providing a spur to independents. This year, among the newly independent, 72% said social media is an important tool for building a professional reputation, and 36% listed social media as one of the top three methods through which they acquire work.

Among all independents, word of mouth continues to be the top method for finding assignments and customers, with 51% listing as their top method. It's followed by social media (34%) and other independents (25%).

## Importance of Social Media

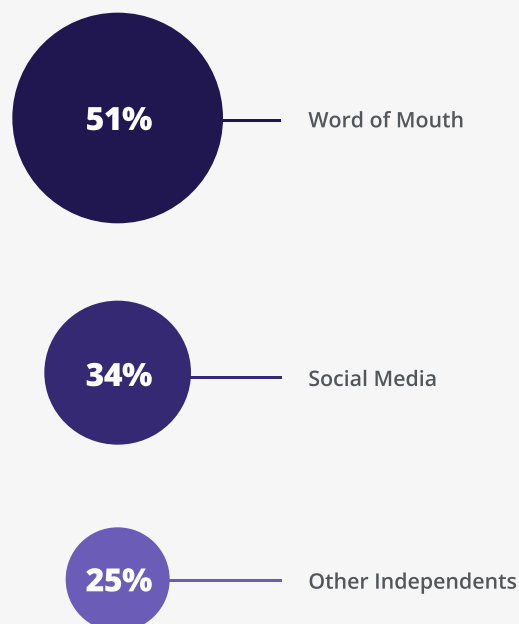
**72%**

Said social media is an important tool for building a professional reputation

**36%**

Said social media is one of the top three methods in which they acquire work

## Top Methods for Finding Assignments





# Teaming Up

As independent work grows in popularity and complexity, independents are interacting with colleagues and clients in new ways—by forming teams. In the past 12 months, 25% of full-time independents said they had teamed up with independent workers or microbusinesses in their work, up from 19% in 2020. Among full-time traditional workers, 20% said they had, up sharply from 12% in 2020. Over the next 12 months, higher proportions of full-time independents (30%) and traditional workers (26%) said they plan to team up with independent workers or microbusinesses.

## Percentage that Teamed Up with Independent Workers or Microbusinesses

**19%**

2020

**25%**

2021

## Percentage Expecting Teaming up to Increase a Lot

**21%**

2020

**43%**

2021



# The Way Forward

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Over the past 18 months, the independent workforce has shown remarkable resiliency—bouncing back from trauma, carving out new ways to work, expanding their customer base, and finding strength and confidence in numbers. All the data points to a strengthening in the web of connections, relationships, and infrastructure that combine to provide solid support for independents.

If we have learned anything from 2020 and 2021, it is that it is very challenging and difficult to make projections about the future—especially about events that are beyond one’s control. But increasingly, independent workers are finding that they are in control of their destiny. And whatever disruptions we may face in the future, the structural trends supporting independent work remain intact. To be sure, there is likely to be some ebb and flow, as reluctant independents return to traditional jobs and companies seek to fill the large number of empty positions. But all signs point to continued growth in the strong core of independents. Most independents say they plan to continue their path, and this year 17% of traditional workers said they will definitely or probably become independent over the next two to three years. As we look ahead to 2022, independent work is an increasingly prevalent reality—and an aspiration.



## 17%

**Percent of traditional workers say they will definitely or probably go independent in the next two to three years**

# Methodology

The findings in this research brief come from the 2021 MBO Partners State of Independence in America study survey, which was fielded in July of 2021. This is the 11th consecutive year this study has been conducted. For the 2021 study, Emergent Research and Rockbridge surveyed 6,240 residents of the U.S. (aged 18 and older), including 928 independent workers. The results were used to size the independent workforce and profile work motivations and attitudes among independent and traditional workers. The survey results were weighted to reflect the demographics of the U.S.

## About MBO Partners®

MBO Partners is a deep job platform that connects and enables independent professionals and microbusiness owners to do business safely and effectively with enterprise organizations. Its unmatched experience and industry leadership enable it to operate on the forefront of the independent economy and consistently advance the next way of working. For more information, visit [mbopartners.com](https://mbopartners.com).

