

HIRED

GLOBAL FLEX REPORT:

State of Contract Work



Overview

At Hired, we're dedicated to finding everyone a job that they love. For many people that means opportunities with more freedom and flexibility. Contract workers are redefining 9-to-5 work and exerting more control over how, when, and where they work and what kind of work they do. In the last year, contract workers collectively earned \$1 trillion and now make up more than [a third](#) of U.S. workers.

For many companies, more contract workers means greater efficiency, as they often bring specialized expertise to their roles. This eliminates both the time and cost of training while minimizing the risk of subpar work created by employees working outside their area of expertise. Contract workers also empower organizations to quickly scale up and execute on time-sensitive projects, while reducing administrative work and keeping their time-to-hire low.

Undoubtedly, the rise in freelancing will fundamentally change how companies recruit, onboard, and manage their workforces. While these processes will undoubtedly evolve as the number of contingent workers grows, one thing is for certain: freelancing is showing no signs of slowing.

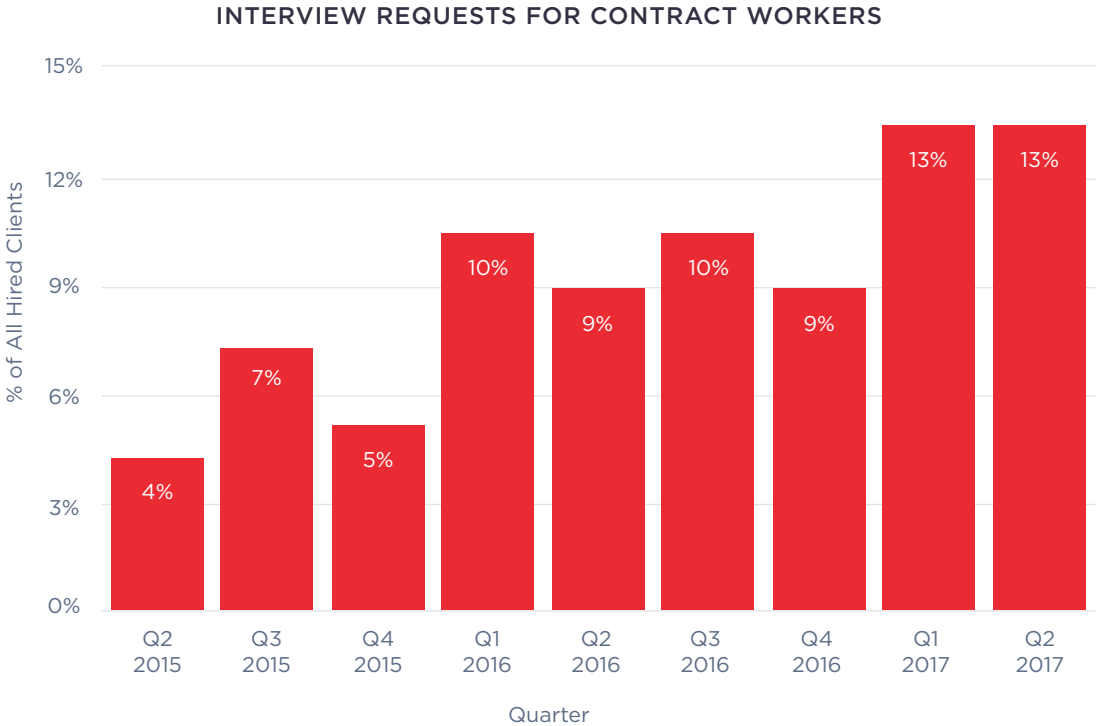
That's why we tapped into our data to reveal insights into contingent workers and the organizations that rely on them. Because Hired facilitates the job searching process from the initial interview request all the way to the final contract offer, we have unprecedented visibility into pay rates across a variety of positions and companies.

We want to understand how contract work compares to traditional full-time employment, and we want to arm contract workers with the information they need to understand and ask for their market value based on their skills and experience. We also want to help companies recruit and hire with better insight. We believe that transparency is necessary for workers to find the jobs they love and for companies to attract the tech talent they need to succeed.

Rise of the Flex Worker

New devices, apps, and personal technologies have made it easier than ever for contract workers to work remotely and plug in from anywhere. And the ability to create a flexible schedule through contract work is understandably appealing; contract work often affords more time for family, travel, passion projects, and life outside the office. Our data shows that 20% of US-based candidates and 21% of UK-based candidates on the Hired platform are interested in contract work. This percentage is consistently rising, and by 2020, it's estimated that 60 million people in the US will be contingent workers.

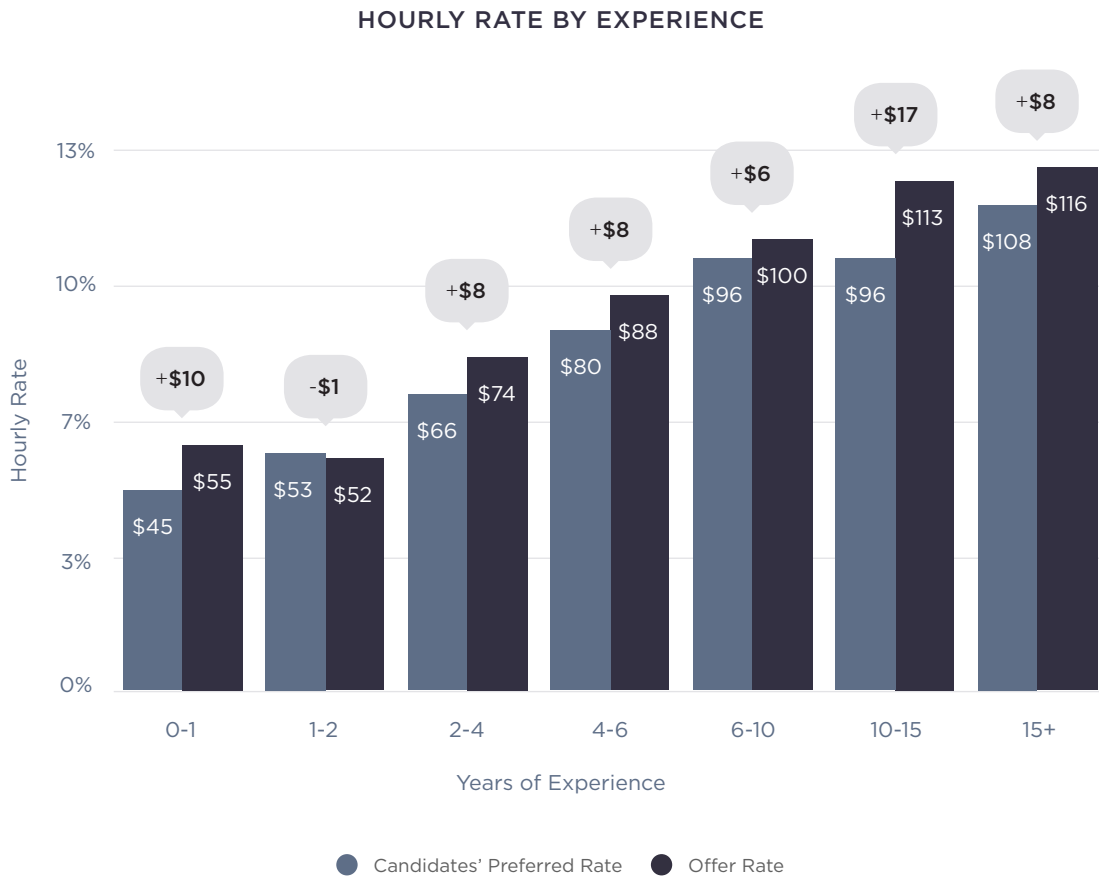
As the number of technical workers interested in contract work grows, so does demand for contract talent from tech companies. Our research indicates that 13% of companies on our platform are interested in hiring contractors, which is an all-time high.



Although demand is growing, contractors are still eager to maintain a reliable pipeline of projects. Contract workers in the US are 7% more likely to accept an interview request than full-time candidates and 5% more likely in the UK. After all, more clients means more money and greater opportunity to work on a variety of projects.

A Typical Engagement

US- and UK-based candidates who have accepted a contract role through Hired have an average of six and seven years of experience respectively -- and more experience means higher rates. On average, US 1099 contractors earn \$71 per hour and UK contractors earn \$45 per hour. Contractors in the US with 15+ years of experience are offered an average of \$28 more per hour than contractors with 4-6 years of experience. That's a difference of \$58,240 annually when adjusted for a 40-hour work week.



While there's a lot of discussion about making the jump from full-time employment to contract work, the transition is not a one-way street. For example, contract-to-hire positions allow companies and candidates to feel each other out and determine if the arrangement is the right fit before making the jump to full-time employment. Our analysis shows that 16% of contract workers ultimately accept full-time roles from a company they contracted with first.

Freelance vs. Full-time: Who is Better Off?

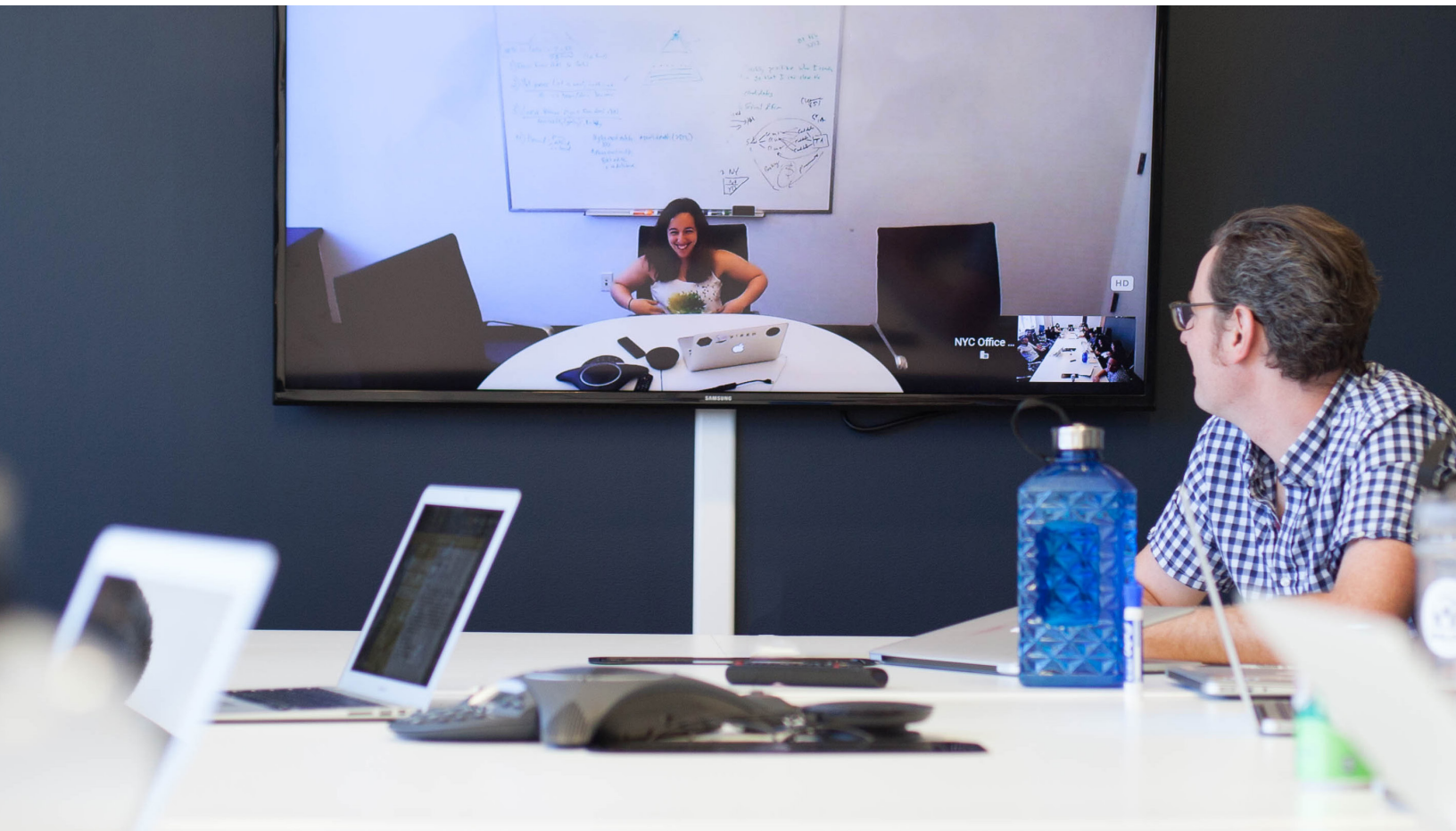


Both contracting and full-time employment come with unique sets of advantages and challenges and not all perks are universal. Hired's data shows that a **1099 contractor**¹ in the US working 40-hour weeks is paid an average of \$24,918 more annually than a full-time **W-2 employee**² working the same hours (\$147,680 and \$122,762 gross income respectively). While income potential may be higher for contract workers, our data also shows that the average contractor on the Hired platform only works 22 hours/week on projects -- not 40. Fewer work hours is a conscious choice for many contractors, but a contractor who chooses to work 40-hour weeks will bring in a higher annual income than their full-time counterpart.

1 1099 contract workers are responsible for calculating their own payroll taxes and submitting the sum to the government on a quarterly basis.

2 As a W-2 employee, payroll taxes are automatically deducted from paychecks and paid to the government through an employer.

It's also important to note that most full-time tech workers spend much more than 40 hours a week with no additional compensation. Companies in Silicon Valley are known for requiring [grueling hours](#), with some tech giants boasting [130-hour work weeks](#) in their early stages. If a freelancer chooses to work the same amount, the income disparity between the two groups would become even more significant.

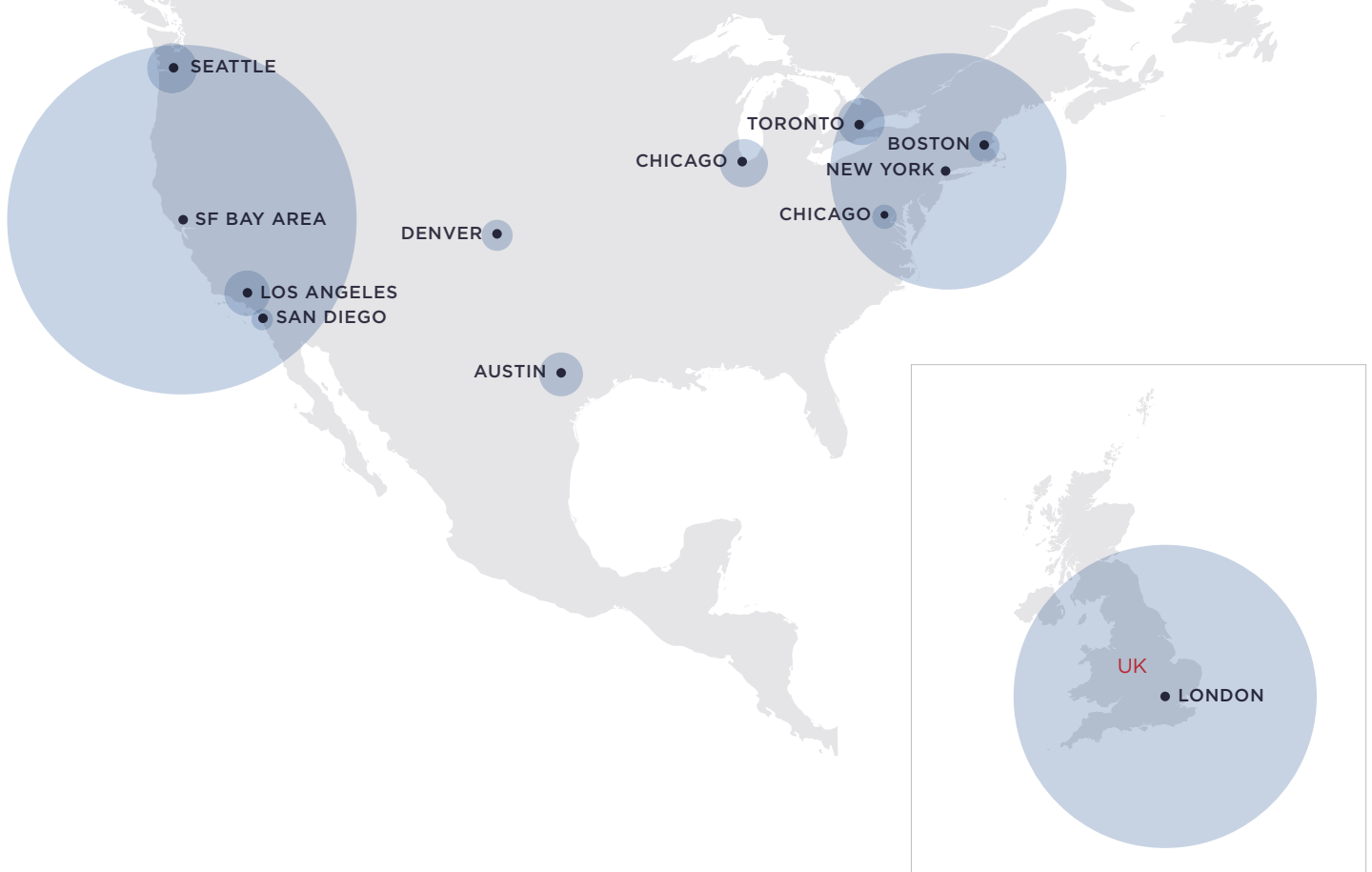


Benefits are another hot-button issue for those considering freelance work. While the average freelancer has a higher earning potential than their full-time counterparts, they often need to consider the out-of-pocket costs for health insurance, life insurance, and retirement account fees. In 2016, the average full-time employee had a [\\$1,207 annual out-of-pocket premium](#) (about \$100/month). In comparison, most 1099 contractors pay for health insurance without the support of an employer, which isn't cheap. For example, the [average premium](#) for a mid-range single plan on the federally-run ACA Marketplace is \$4,632 (\$386/month).

A Global View of Freelancing

TOP MARKETS FOR CONTRACTORS

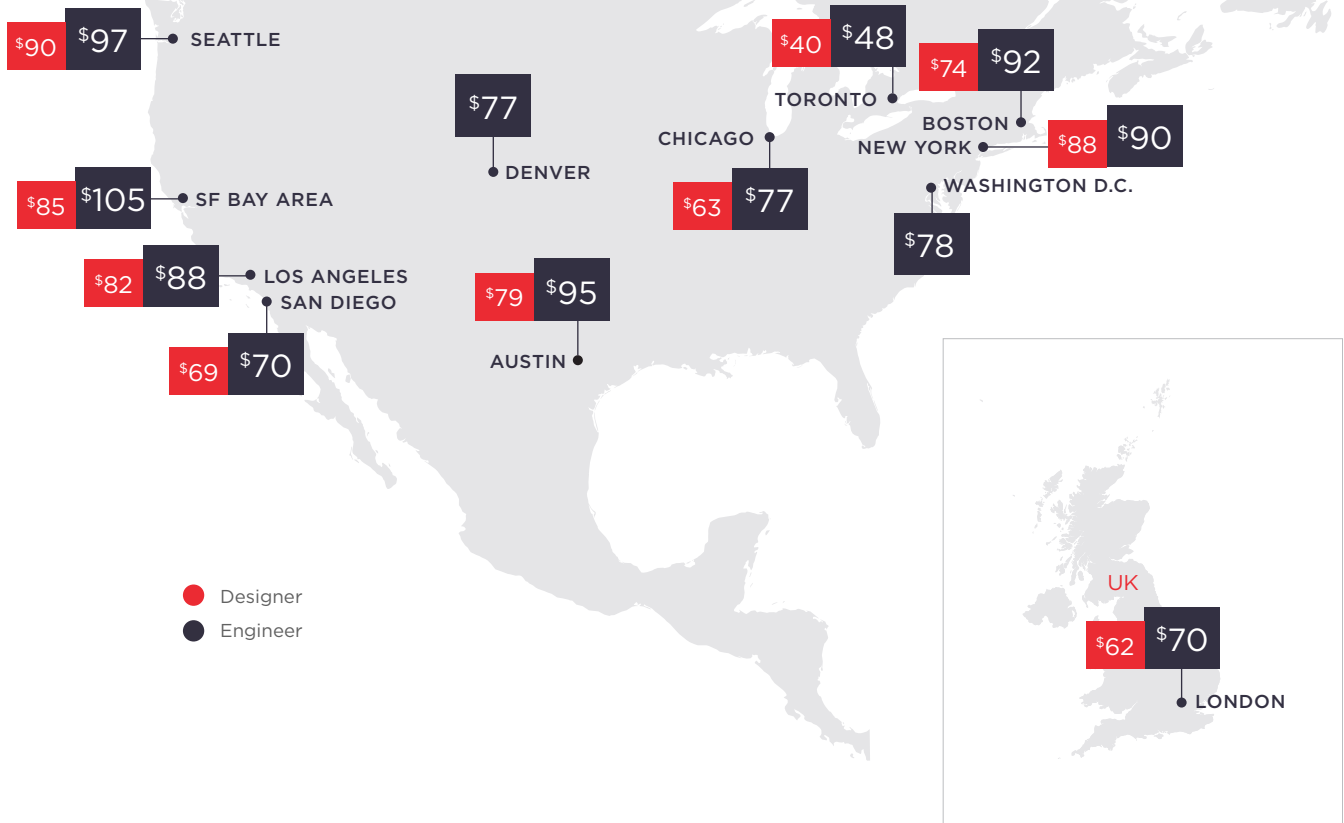
Measured By Highest Volume of Interview Requests



Who's paying?

Our data shows that companies based in the SF Bay Area offer contractors the highest average hourly rates globally at \$103/hour, while companies based in Seattle are close behind, offering an average rate of \$97/hour. While a difference of less than ten dollars may seem miniscule, when adjusted for a 40-hour work week, it can add up. SF Bay Area-based companies ultimately offer \$12,480 more annually than companies based in Seattle.

AVERAGE HOURLY RATE OFFER BY COMPANY LOCATION

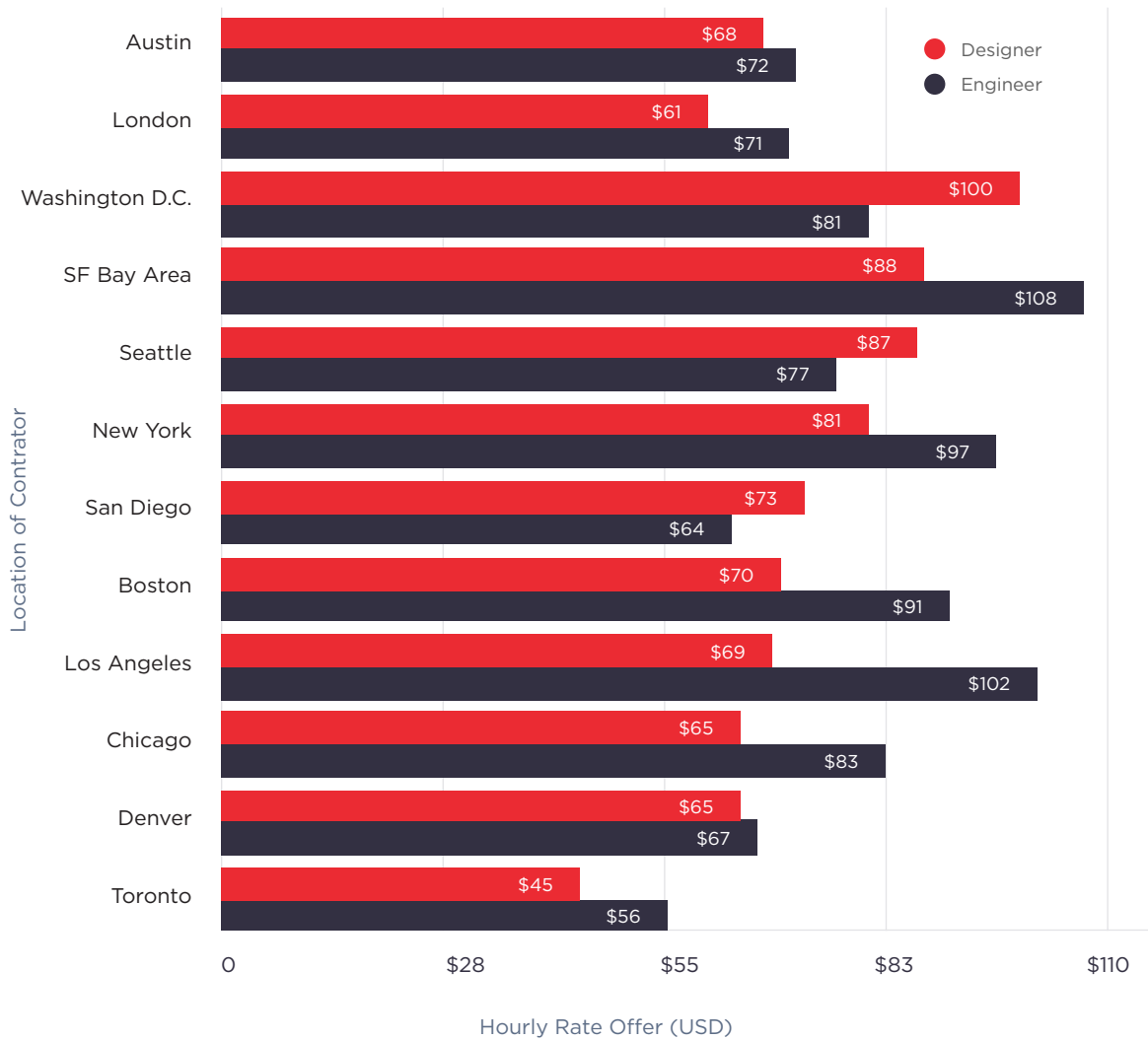


Where is the money going?

Design contractors based in Washington DC, SF Bay Area, and Seattle command the highest hourly rates, while engineering contractors based in the SF Bay Area, Los Angeles, and Boston are commanding the highest contract rates in their field.

There are a few conclusions that can be drawn when we compare the rates companies are offering with the rates contract workers in those same cities are commanding. For example, both contract designers and engineers based in Seattle command lower average rates than what companies in Seattle are offering their contingent workers on average; the disparity suggests that Seattle-based companies are outsourcing their tech work -- even if it means paying more.

AVERAGE HOURLY RATE OFFER BY CONTRACTOR LOCATION



Who wins big?

The rise of remote contract work has detached work from location and opened a world of opportunity for candidates and companies to be connected from anywhere. Talented tech workers no longer need to live in the heart of Silicon Valley to command a competitive salary and work with cutting-edge companies. Given the high cost of living in San Francisco and New York, many workers are [opting](#) to settle in other cities.

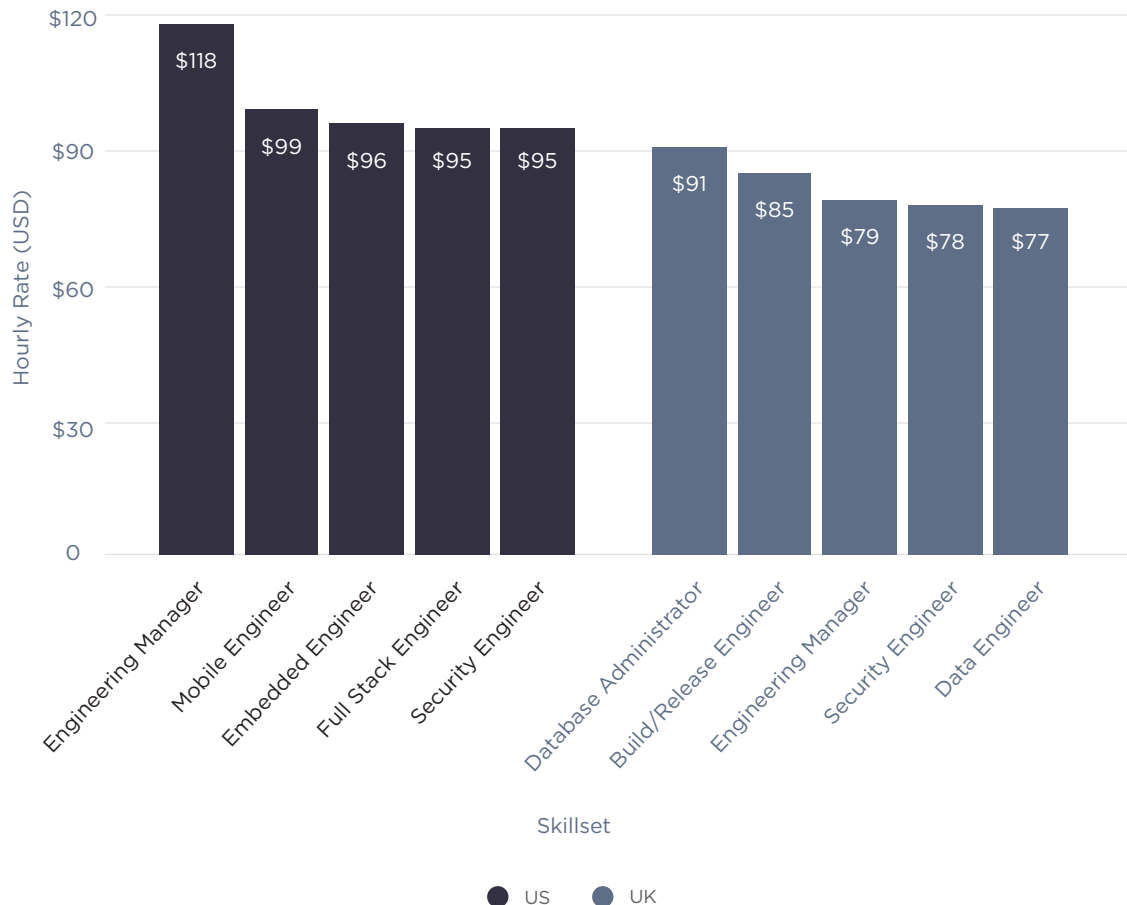
An Austin-based design contractor working 40 hours per week makes an average of \$141,440. To live a comparable lifestyle in San Francisco, the same designer would need to make \$260,227. Similarly, to maintain a comparable lifestyle in San Francisco, an LA-based engineer would need to make almost \$40K more annually.

A Candidates' Market: Top Skillsets

MOST IN-DEMAND SKILLSET

US		UK	
Engineering Manager	\$118/hr	Data Engineer	\$77/hr
Mobile Engineer	\$99/hr	Backend Engineer	\$73/hr
Full Stack Engineer	\$95/hr	Full Stack Engineer	\$70/hr
Backend Engineer	\$93/hr	Frontend Engineer	\$69/hr
Frontend Engineer	\$83/hr	UX Engineer	\$62/hr

TOP SKILLSETS BY HOURLY RATE



Conclusion

You may be asking yourself: who has it better? The truth is that contracting and full-time employment both have advantages and challenges. What works for one person may not work for another, but we've come to a few conclusions to help people find a job they love.

It's clear that for the same amount of work, contract workers walk away with more cash in hand (an average of \$24,918 more in gross income annually; our analysis does not factor in tax implications) -- but the buck doesn't stop there. For many workers, the choice comes down to freedom. The ability to set boundaries for work life, take time off between contracts, and work remotely is especially attractive.

But this freedom comes in lieu of corporate benefits, and "potential" is the key word when it comes to compensation. While full-time employees have an annual salary they can count on, contractors are always looking for their next gig. But thanks to new technology designed to match companies with a reliable pipeline of contingent talent, this is becoming less of a pain point, and freelancing will continue to grow.

Methodology

The proprietary data in this report was gathered and analyzed by Hired's data science team. The findings are drawn from a sample set of more than 175,000 interview requests and job offers from the past year facilitated through our total marketplace of nearly 10,000 participating companies and 1.5 million job seekers.