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How Layoffs & RTO Sparked the Contract Work Revolution

2025

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Introduction

Over the past two years, North American companies have increasingly relied on independent talent — often across borders — to fill critical roles. **But the shift isn't uniform.**

Some regions are seeing record demand while others lag due to regulation, cost dynamics, or skills mix. In parallel, inside the U.S. talent pool, mass layoffs and return-to-office mandates acted as initial triggers — yet flexibility and income upside are what keep professionals independent once they make the leap.

This report connects macro hiring patterns with on-the-ground career decisions: who is leaving corporate roles, why they stay independent, and how outcomes differ by motivation and model (single-client vs. multi-client). Our goal is to help leaders and professionals read the signal in the noise — and act on it.

Methodology & Sample

We conducted a cross-sectional survey of more than 1,000 U.S.-based respondents drawn from high-earning households to examine contract work adoption, motivations, outcomes versus prior full-time roles, and forward outlook.

Eligibility required ages 18–60 and household income of \$100,000–\$200,000, ensuring the insights reflect the premium talent segment of the labor market.



The achieved sample's demographic profile was 67,3% male and 32,7% female, with the 30–44 cohort the largest at 47,7%; by geography, responses were led by the Middle Atlantic (20.3%) and Pacific (19.1%) regions.

Measures & reference window

Respondents reported on contract activity within the past six months (53.5% engaged; among those, 81,9% were currently contracting), the share of income derived from contracts, and comparative changes in income stability, overall income, job satisfaction, work-life balance, stress, and growth opportunities relative to their previous full-time roles.

For interpretive clarity, we organized respondents into five motivation-based segments – and compared their confidence, satisfaction, income/stability scores, intent to remain contractors, and dependency on contract income (>50% threshold).

Interpretation & limits

Results are self-reported and reflect a high-income U.S. cohort; the cross-sectional design supports association, not causality. Findings generalize best to skilled professionals operating in the \$100K–\$200K household income band.

Key Takeaways

✓ Multi-client work materially outperforms

High-earning professionals with multiple clients earn 127% more than peers tied to a single employer.

✓ Not returning for a raise

Among U.S. high-earning professionals who've moved to contracting, only 31.6% say a >20% salary increase would be very important to go back full-time. Many others mentioned work-life balance guarantees (43.6%) and company stability (46.2%).

✓ Freelancing brings a confidence rebound

Among professionals pushed by RTO mandates, 61.3% report higher professional confidence after moving to project-based (contract) work, and over 60% say their overall quality of life improved.

✓ Demand tailwind is real

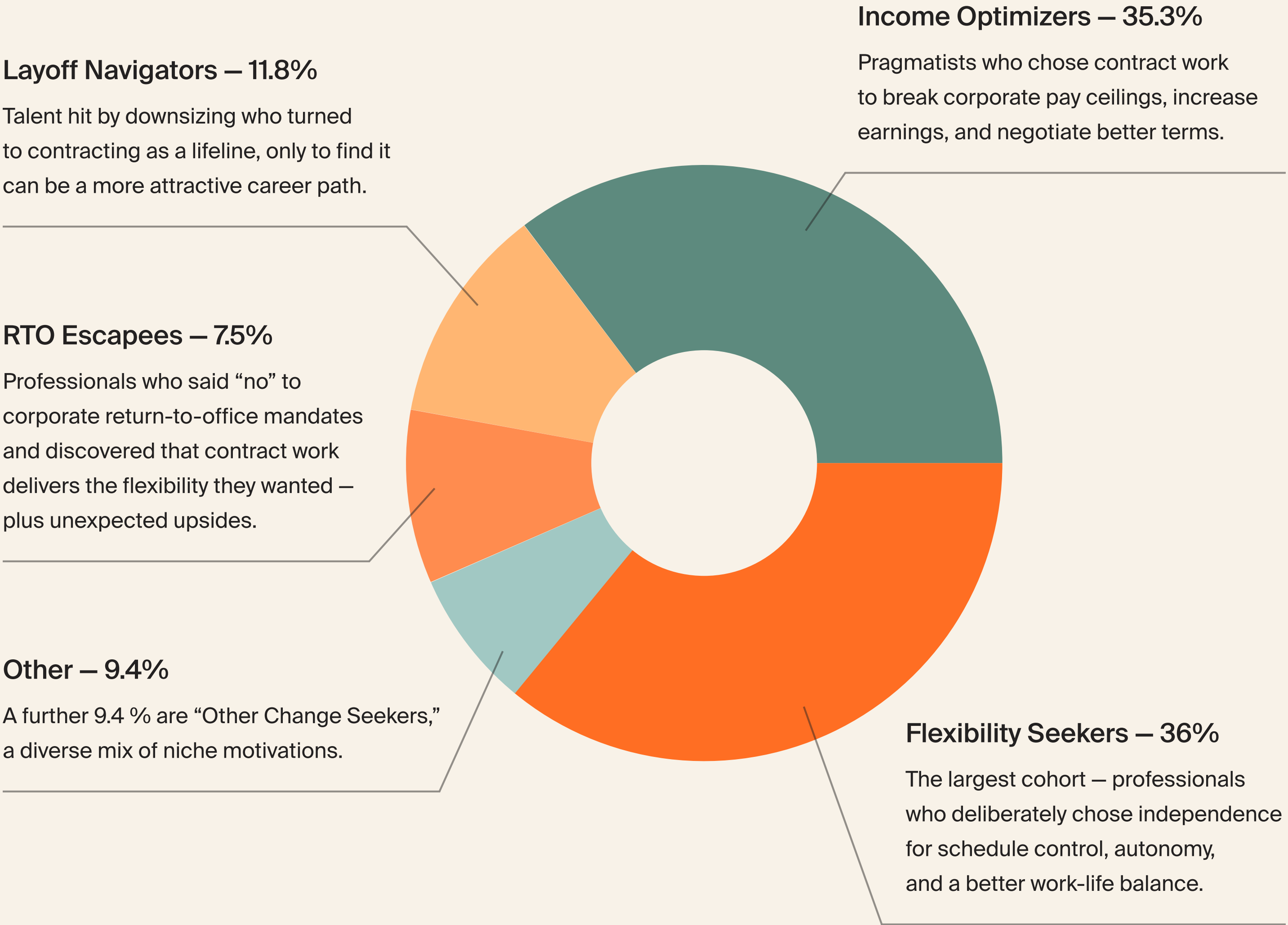
Since 2022, North American companies hiring overseas contractors are up 260%, with growth concentrated in Eastern Europe (+106%), MENA (+60%), and Asia (+39%).

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Key groups portraits

Key Group Portraits

We grouped the survey respondents by the motivation that pushed them out of corporate roles. The result is four primary archetypes — each with distinct fears, aspirations, and long-term plans that the report explores in detail.

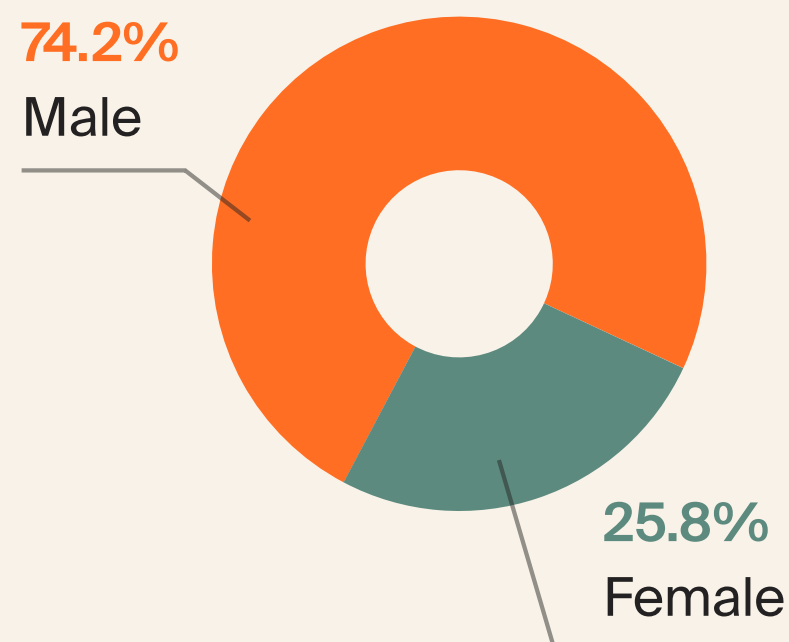


Key group portraits: RTO Escapees

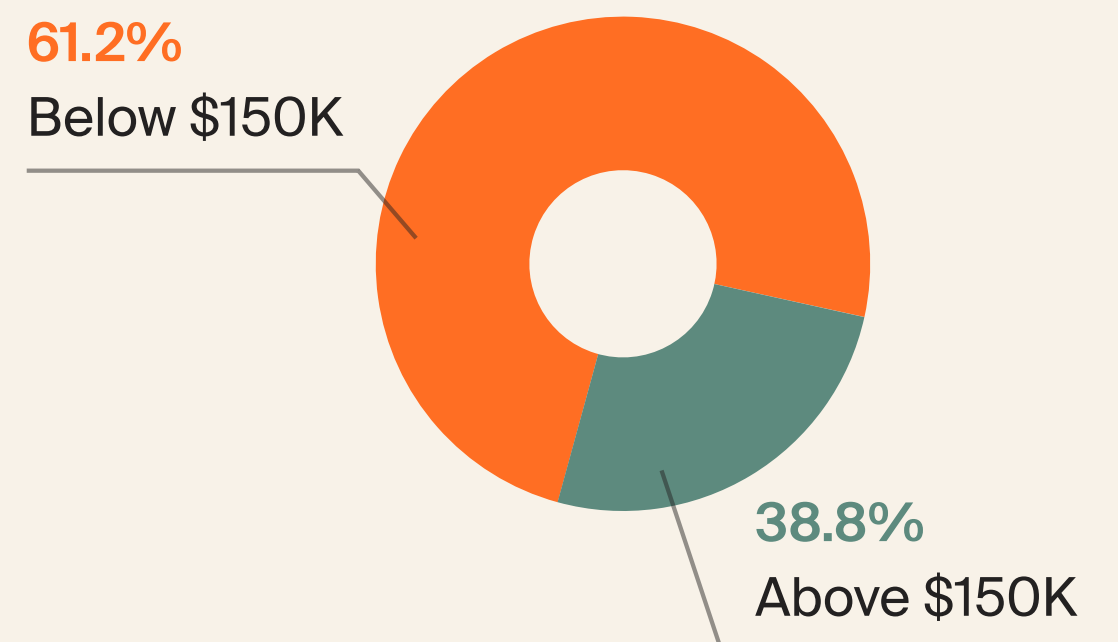
Average age

30–44 years

Gender



Household Income



Predominantly male (**74.2%**) and clustered in the **30–44 age** bracket (**51.6%**), RTO Escapees are also the most affluent segment, with **38.8%** living in households earning over **\$150 K**. Once forced back to the office, they revolted: costly, time-heavy commutes (**61.3%**), lower on-site productivity (**58.1%**), and family commitments (**45.2%**) pushed them toward contract work.

Independence is paying off. **61.3%** now earn a majority of their income from contracts — the highest share of any group — and **45.2%** say they will stay independent long-term. They report the strongest boost in professional confidence (**61.3%** feel more confident) and the highest satisfaction across six dimensions — work-life balance, stability, income, job satisfaction, growth, and stress — showing that rigid RTO policies inadvertently steered this talent toward a work model that suits them better.

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The commute was becoming unsustainable. **I was spending two hours a day and nearly \$400 a month just to sit in an office doing work I could finish at home.** When management announced a full return, I knew it was time to look for something better.



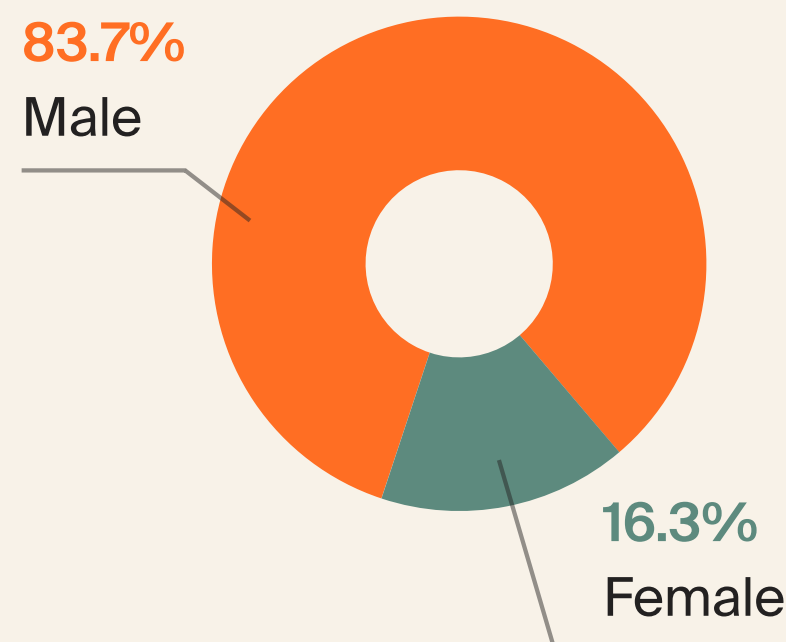
Survey respondent, 37

Key group portraits: Layoff Navigators

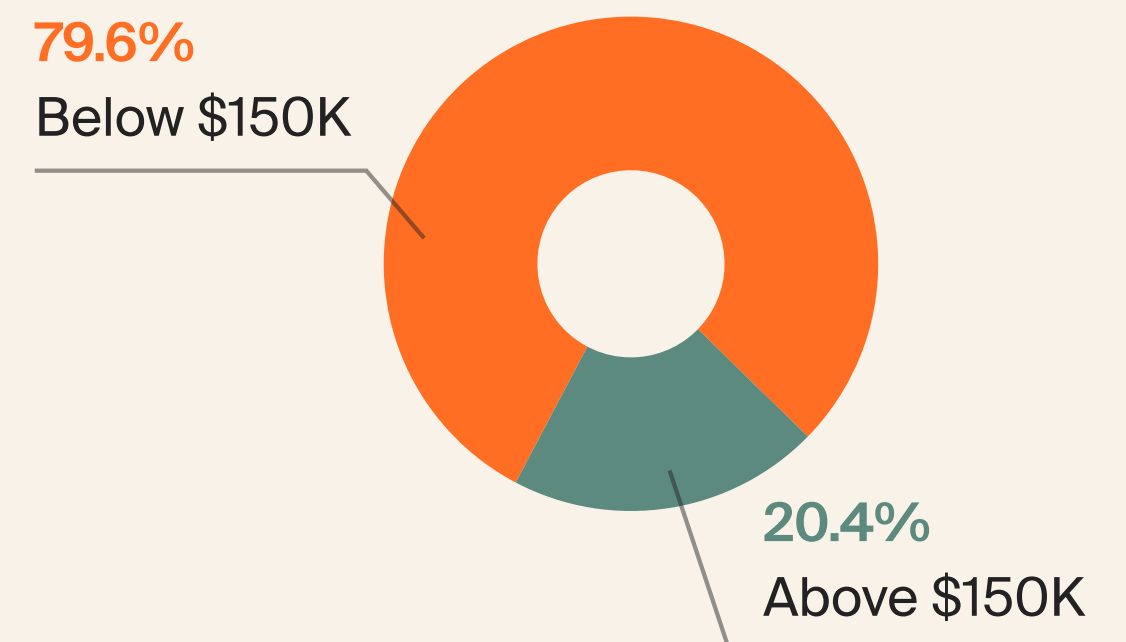
Average age

30–44 years

Gender



Household Income



Predominantly male ($\approx 84\%$) and clustered in the **30–44 age** band (**51%**), Layoff Navigators are the least-affluent segment, with $\approx 80\%$ living in households under **\$150 K**. A sudden dismissal forced a complete career reassessment, turning freelancing from a back-up idea into a concrete plan.

The shock initially dented confidence for almost half (**46%**), yet **29%** say the experience ultimately made them more self-assured, and a majority (**53%**) now report higher job satisfaction than in their corporate roles.

While nearly **45%** still view contract work as a temporary solution — far more than the RTO Escapees — their psychological resilience and the unexpected gains they’ve found highlight contracting as a credible, if unplanned, long-term option.

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The layoff was a shock. I’d thought about freelancing before but never jumped. **Losing my role turned contracting into the only path forward** — and parts of it are surprisingly rewarding.



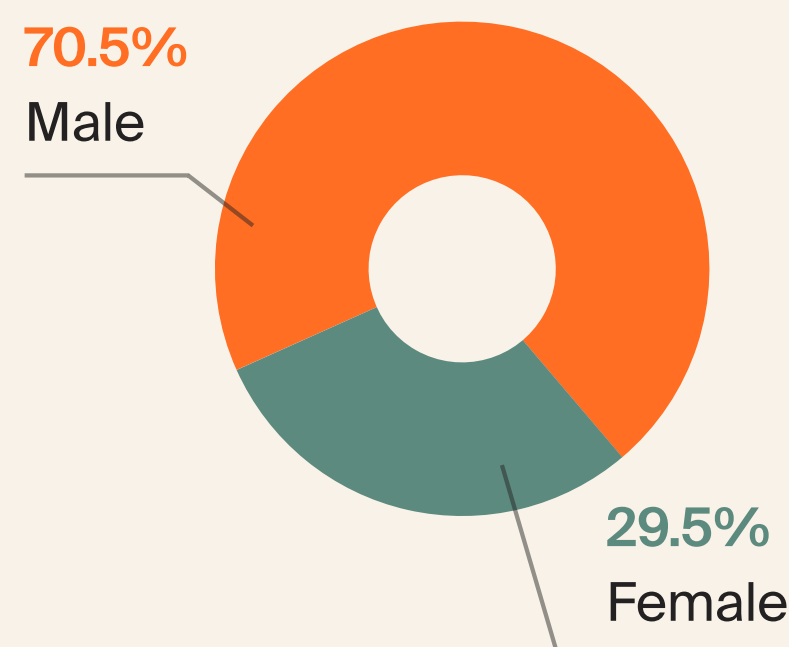
Survey respondent, 42

Key group portraits: Income Optimizers

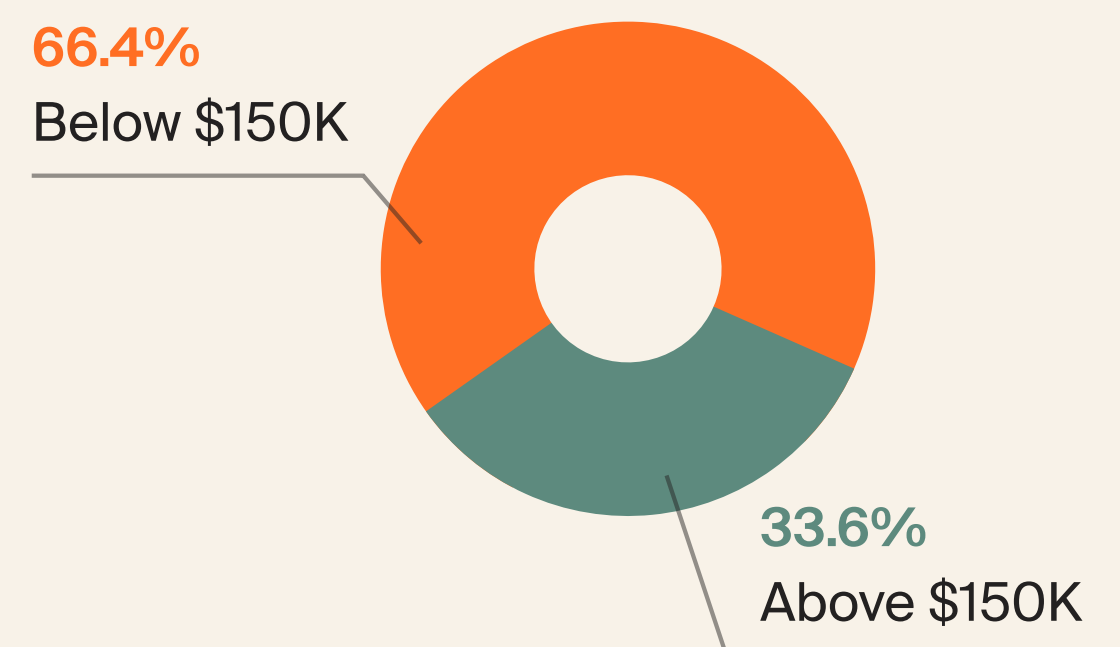
Average age

30–44 years

Gender



Household Income



Predominantly male (**70.5%**) and anchored in the **30–44 age** band (**53.4%**), Income Optimizers are also financially ahead of their peers: **33,6%** live in households earning over **\$150 K**. They move into contracting not out of necessity but for upside — and it works. More than **63,7%** report higher overall income than in their previous full-time roles, and **41,8%** now earn the majority of their pay from contract work.

Despite common fears about volatility, this segment logs **the highest income-satisfaction score (3.84/5)** and **the best perception of stability (3.42/5)** across all groups, and over a third (**38.4%**) intend to stay independent for the long haul — underscoring how, for in-demand specialists, freelancing can out-perform corporate pay bands without expanding workload.

“

I realised I could raise my earnings substantially as a contractor without adding hours. For specialists with in-demand skills, the contract market often pays better than traditional employment.



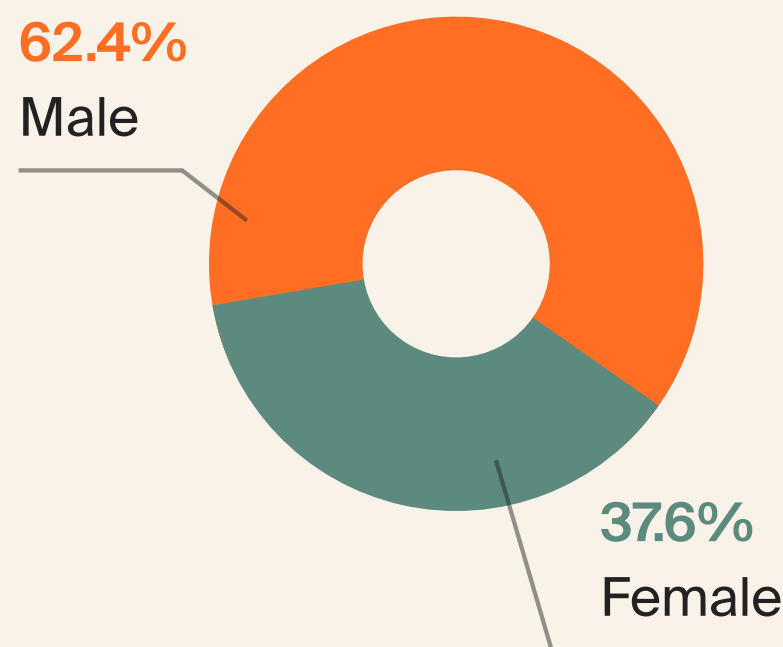
Survey respondent, 34

Key group portraits: Flexibility Seekers

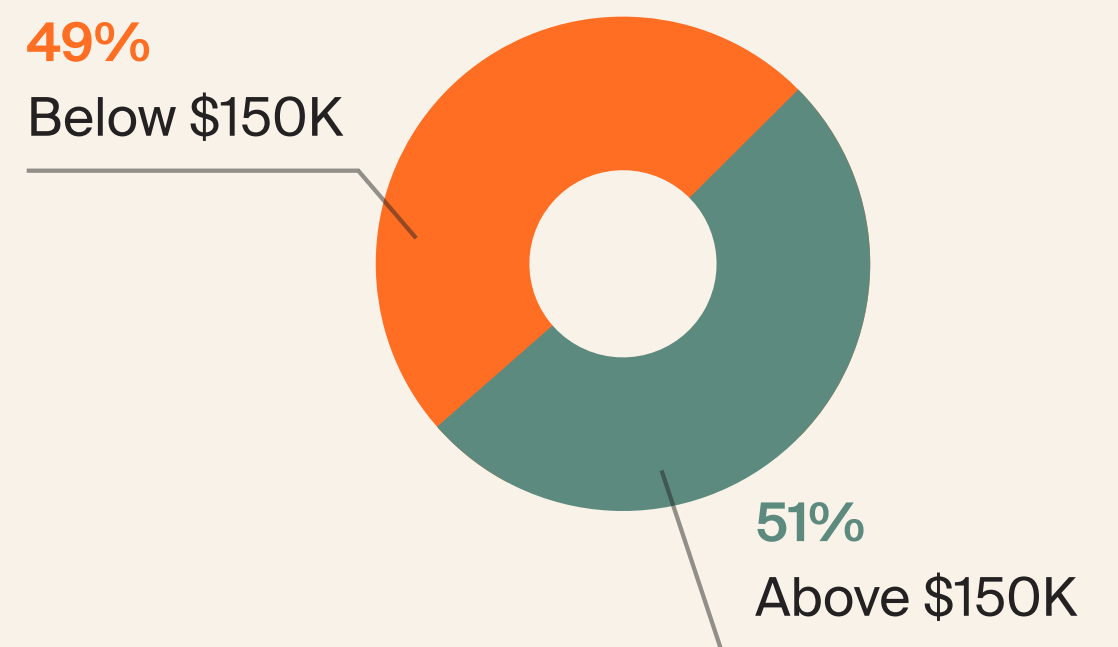
Average age

45–60 years

Gender



Household Income



With the highest share of women in the study (**37.6% female, 62.4% male**), Flexibility Seekers are evenly distributed across the **\$100 K–\$200 K** income band and skew slightly older, with **42.3%** aged **45–60**. Their move to contracting is first and foremost about autonomy, and it pays off in well-being: **75.8%** report improved work-life balance, **82.4%** see an overall quality-of-life lift, and they log the lowest stress scores of any segment.

Although their income-stability ratings trail other groups, they worry about it least, confirming that freedom outweighs volatility for this cohort. A third (**34.9%**) already plan to remain independent long-term, underscoring how schedule control can rival — or surpass — the appeal of a traditional salary.

“

Control over my schedule has always been a priority. **Contract work lets me organise my day around my natural productivity rhythms and family needs** — I’m present for the moments that matter and still deliver great work.



Survey respondent, 48

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General Statistics For Every Portrait

Freelance VS Previous Employment Experience

After leaving corporate jobs for contract work, every cohort in the study reports net improvements across work-life balance, income, job satisfaction, and growth opportunities (all average scores exceed the neutral 3.0 mark). Yet the pattern of gains is far from uniform: what rises most — and what lags — depends on why each group made the leap.

Flexibility Seekers enjoy the most dramatic lift in personal life, pairing the highest work-life balance score (4.08) with the steepest reduction in stress, even though they feel the least secure about income (2.83).

Income Optimizers, by contrast, realise the richest pay-off: they post the strongest jump in overall earnings (3.84) and nearly the best sense of financial stability (3.42), confirming that a multi-client strategy can out-earn salaried roles.

RTO Escapees emerge as the all-round winners, scoring above 3.4 on every dimension — peaking at 3.68 for job satisfaction — which suggests that the push back to the office inadvertently guided them to a work model better suited to their priorities.

Layoff Navigators, while still in positive territory, register the most modest improvements (notably a 3.20 on income stability), underscoring that an involuntary exit tempers optimism even as contracting softens the blow.

Satisfaction Compared to Previous Employment (Average Score, Scale 1-5)

Aspect	RTO	Layoffs	Income	Flexibility	Others
Work-life balance	3.60	3.37	3.61	4.08	3.52
Income stability	3.43	3.20	3.42	2.83	3.01
Overall income	3.50	3.31	3.84	3.12	3.09
Job satisfaction	3.68	3.41	3.73	3.82	3.43
Growth opportunities	3.47	3.29	3.52	3.18	3.25
Stress levels	3.52	3.22	3.41	3.76	3.37

“Return to FTE” factors

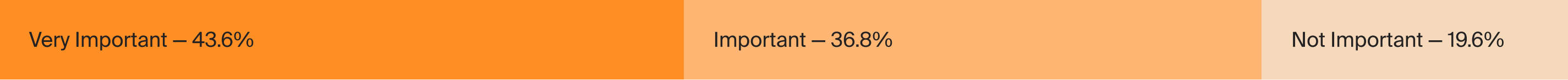
When contractors consider a return to salaried work, cash alone is not the trump card. The most persuasive levers are **company stability (46.2% say “very important”), guaranteed work-life balance (43.6%), and a comprehensive benefits package (42.2%)** – all structural assurances that lower personal risk and protect lifestyle.

A permanent remote-work guarantee matters to only about a third (34.9% call it critical and another 32,4% merely “important”), revealing a split between those who prize location freedom and those content to trade it for other gains.

By contrast, purely financial sweeteners rank lower: fewer than one-third (31.6%) view even **a >20% base-salary increase** as decisive, and stock options fare worst (only 26,5% rate them highly). In short, the path back to full-time runs through security, balance, and tangible benefits, not headline pay.

What Would Motivate Return to Full-Time Employment:

Work-life balance guarantees



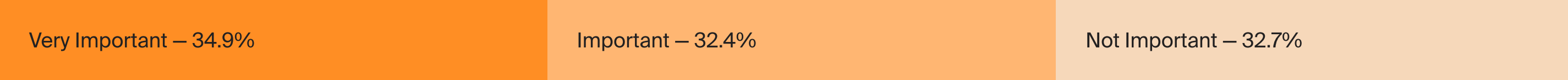
Company stability



Comprehensive benefits package



Remote work guarantee



Base salary increase (>20%)



Stock options/equity



Preparation for the Future

Independent professionals are not waiting passively for the next downturn; they are actively fortifying their careers and finances. **Nearly six in ten (59.3%) are building or topping-up emergency funds**, making liquidity the top hedge against volatility. The next lines of defence focus on human capital: **51.8% are upgrading skills and 41.9% are expanding their professional networks**, moves that widen opportunity regardless of market swings. Risk is further spread by **diversifying client portfolios (29.8%) and probing new industries (29.3%)**, signalling that many contractors see sector-hopping as a practical buffer.

These priorities are already reshaping medium-term plans. Over the past six months **32.8% have overhauled retirement strategies and 24.2% have changed investment approaches**, embedding a more conservative stance. Operational playbooks are evolving too: **26.6% report significant adjustments to business-development tactics**, while **22.0% are reinvesting in additional skills**.

Main Strategy

- ✓✓ Building an emergency fund: **59.3%**
- ✓✓ Upgrading skills: **51.8%**
- ✓✓ Expanding professional network: **41.9%**
- ✓✓ Diversifying client base: **29.8%**
- ✓✓ Expiring new industries: **29.3%**

“

One of the clearest signals in our data is the split between professionals who fall into contracting and those who run toward it.

Layoff Navigators and RTO Escapees often start out of sheer necessity — downsizing or a mandatory office return — but many still treat freelancing as a temporary bridge back to payroll.

By contrast, Flexibility Seekers and Income Optimizers make a fully conscious bet on project work. They're the ones who build emergency funds (59%), up-skill every quarter (52%), and diversify clients across industries—behaviours that turn volatility into opportunity. It's no coincidence this choice-driven group reports the biggest gains: 4 points out of 5 on work-life balance, a 127% income premium when they juggle multiple clients, and the highest confidence scores in the study.

The macro picture only amplifies that advantage. Remote-first hiring is up triple digits, AI is automating job categories overnight, and market cycles are shortening. In that context, project work isn't a fallback; it's a portfolio strategy that spreads risk across skills, sectors, and geographies. I believe we'll see many more professionals step into that mindset, because the ability to price your expertise, find clients globally, and pivot fast is exactly what the next decade demands.



Pavel Shynkarenko
CEO, Mellow

About Mellow

Mellow is an HR platform that transforms how companies engage with contingent workers. It enables seamless contractor integration while streamlining talent management and selection.

The platform also provides comprehensive support for freelancers, from payment solutions to professional development. With offices in New York, Limassol, and London, Mellow serves clients worldwide.