



VENTURE
FORWARD



Contact: Jennifer Benitz
Email: Jennifer_Benitz@kenan-flagler.unc.edu

Contact: Sabrina Fang
Email: Sfang@nvca.org

Employment at U.S. VC-backed Companies Grew 960% from 1990 to 2020, 8x Compared to Non-VC-backed Companies

New Research Quantifies Impact of VC-Backed Companies in Fueling American Jobs

WASHINGTON, DC, February 15, 2022 — Employment at venture capital (VC)-backed companies dramatically outpace employment at non-VC-backed companies, and VC-backed companies create jobs that are broadly dispersed across the nation, according to a new report from the National Venture Capital Association, [Venture Forward](#), and the [University of North Carolina Kenan Institute of Private Enterprise](#).

The report finds that employment at VC-backed companies grew 960% from 1990 and 2020 at a pace eight times that of employment at non-VC-backed companies. The report also finds that 62.5% of employment at VC-backed companies is located outside the states of California, Massachusetts, and New York, the three states where VC investment is most concentrated. Employment at VC-backed companies has been resilient, prospering regardless of where the economy is in the business cycle. As an example, annual private sector job growth decreased by more than 4% after the 2007-2008 financial crisis and during the Great Recession, while job growth at VC-backed companies increased 4% during the same period.

“This new research reinforces the important role of venture capital in fueling robust job growth that has been vital to the U.S. economy,” Bobby Franklin, president and CEO of the National Venture Capital Association, said. “Policymakers in Washington should recognize the importance of America’s startup ecosystem and encourage more VC investment to benefit the overall U.S. economy and ensure the country remains competitive in the global race for innovation.”

“Despite anecdotal evidence that VC-backed companies generate substantial employment, data limitations have prevented a detailed analysis,” said Greg Brown, executive director of the Kenan Institute for Private Enterprise. “With our new data, we are finally able to show that VC-backed companies create millions of jobs throughout the U.S., with a large proportion outside of the traditional VC hubs.”

KEY FINDINGS:

Employment Growth Rate

- Employment at VC-backed companies grew at roughly eight times the pace of employment at non-VC-backed companies.

- Employment at VC-backed companies grew 960% between 1990 and 2020.
- Total private sector employment, by comparison, increased by 40% between January 1990 and February 2020.
- The annualized growth rate of employment at VC-backed companies between 1990 and 2020 is 8.2%.
- For total private sector employment, the average annual growth rate between January 1990 and February 2020 is 1.1%.

Growth Through Various Economic Cycles

- Even after the 2007-2008 financial crisis and during the Great Recession, annual job growth at VC-backed firms exceeded 4.0%.
- Total private sector employment, by comparison, shrank by 4.3% in 2009, contributing to a decrease of 7.4 million private sector jobs.

Jobs Across the Country

- Jobs created by VC-backed companies are not only broadly distributed across the entire U.S. but are also located in all 435 congressional districts as well as Washington, D.C. and Puerto Rico.
- 62.5% of VC-backed jobs are outside the hub states of California, Massachusetts, and New York.
- This job allocation occurs despite non-hub states regularly receiving less than 30% of total annual VC investment in the U.S.

Click [HERE](#) for the full report and methodology including data by state and congressional district.

###

About National Venture Capital Association

The National Venture Capital Association (NVCA) empowers the next generation of American companies that will fuel the economy of tomorrow. As the voice of the U.S. venture capital and startup community, NVCA advocates for public policy that supports the American entrepreneurial ecosystem. Serving the venture community as the preeminent trade association, NVCA arms the venture community for success, serving as the leading resource for venture capital data, practical education, peer-led initiatives, and networking. For more information about the NVCA, please visit www.nvca.org.

About Venture Forward

Venture Forward drives the human capital, culture, values, and narrative of venture capital to promote a strong and inclusive community that will fuel the economy of tomorrow. To shape the future of venture capital, Venture Forward produces dynamic programming, data and research, and strategic resources that are empowering the venture ecosystem's ability to thrive. Venture Forward is a 501(c)(3) supporting organization to the National Venture Capital Association (NVCA). For more information, visit ventureforward.org.

About the Kenan Institute of Private Enterprise at UNC Kenan-Flagler Business School

The Frank Hawkins Kenan Institute of Private Enterprise develops and promotes innovative, market-based solutions to vital economic issues. With the belief that private enterprise is the cornerstone of a prosperous and free society, the institute fosters the entrepreneurial spirit to stimulate economic

prosperity and improve the lives of people in North Carolina, across the country and around the world.
Learn more at kenaninstitute.unc.edu.