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The state of startup jobs

How the downturn has impacted job vacancies across 12,000 global tech companies.

Executive summary

Economic uncertainty and public market turmoil has left both private and public tech companies scrambling to tighten their purses.

The news of hiring freezes within big tech and high-profile layoffs at some of the highest funded startups has dominated the headlines.

To understand the impact of the downturn on the global startup job market, we looked at the hiring intent of nearly 12,000 venture-backed companies globally and found a landslide decline across sectors, stages, and geographies.

Key Findings

1. Open job positions have declined by 40% since February 2022.
2. While all roles have been impacted, sales roles have been particularly hit.
3. Roles within B2C companies declined by nearly 60%, compared to 40% within B2B.
4. Series A and Series B stage startups are among the worst affected.
5. Overall, open positions in Europe are down 43%, whereas in North America the decrease is 39%.

60%

Decline in open jobs within B2C startups in June compared to February 2022.

Methodology & data

The analysis is based on data from NGP Capital AI Platform Q whereby the dataset consists of high-momentum technology startups active in the markets NGP Capital invests in.

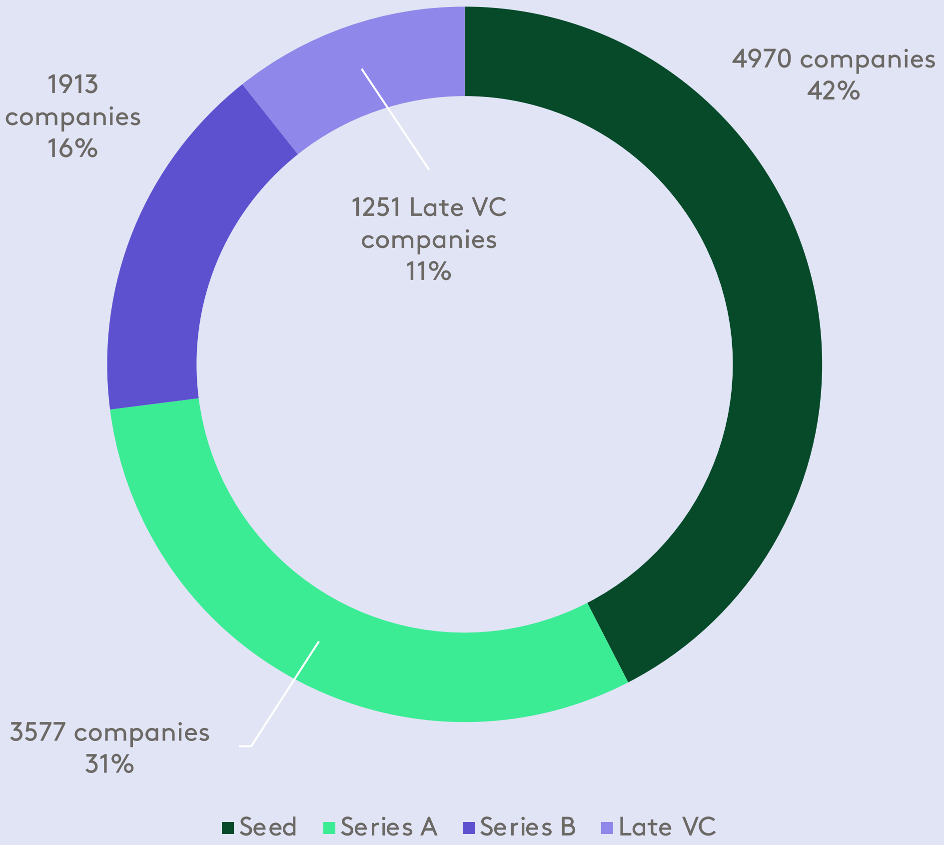
The analysis includes companies that are:
- Privately owned and venture-backed;
- Founded during or after 2012;
- Headquartered across North America, Europe and Israel.

The data consists of:
- 11,711 unique companies
- 275,528 unique job openings
- 23.5 job openings per company on average

The data is split to B2B (78%) and B2C (22%) companies.

Job openings were collected from 9th January to 19th June, and aggregated to a weekly level.
- Openings are split to weeks based on date first opened.
- Time series are presented as 3-week moving averages.
- In indexed graphs, the reference point is 30th Jan, last day of the first 3-week period.

ALL VC STAGES ARE WELL REPRESENTED WITHIN THE RESEARCH DATASET



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New open positions peaked in early February

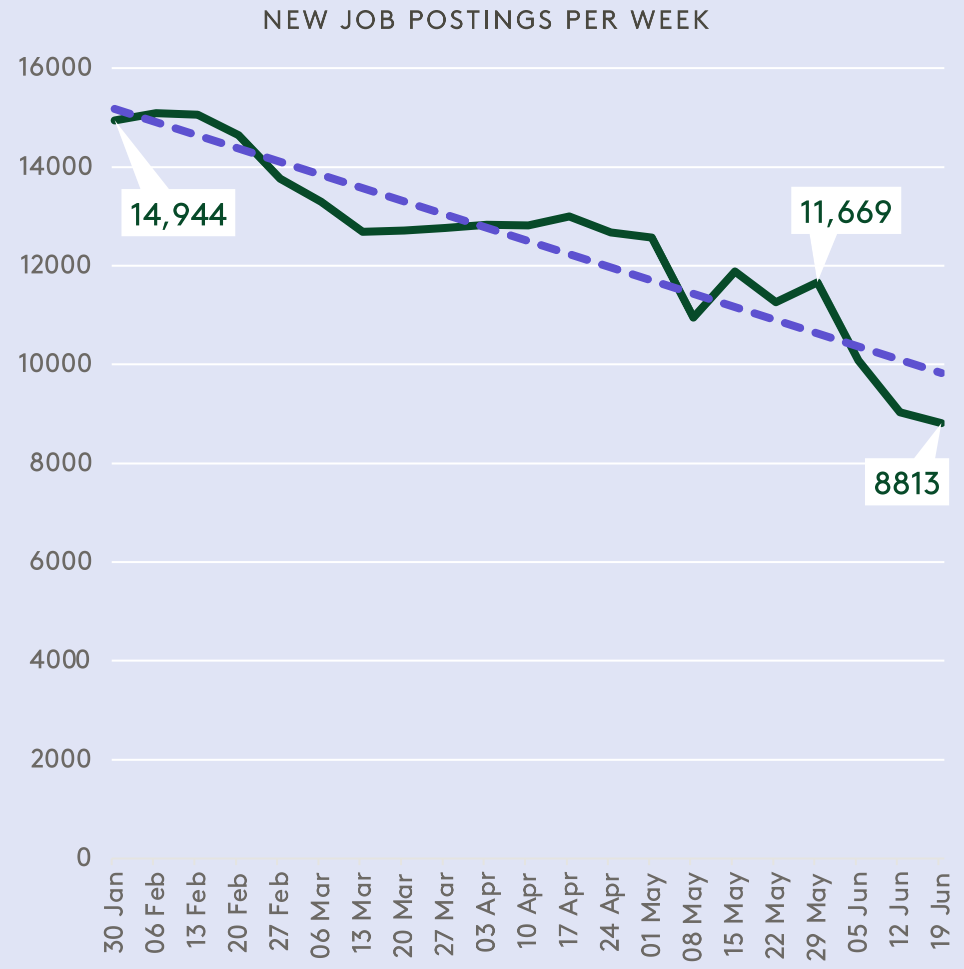
Since then, decline has been continuous

Number of open positions peaked during the first two weeks of February, with around 15,000 new open positions per week.

Since February, there has been a continuous gradual decline in weekly job openings, ending at 8,813 new postings during the week ending on 19th Jun.

- Comparing the first (30th Jan) and last week (19th Jun) of the analysed period, job openings are down 41 %.
- Comparing against the last week of May (29th), job openings were down around 22 %.

Possible seasonality effects (e.g. summer period) are not controlled, due to COVID pandemic and resulting unpredictable seasonal patterns in 2020 and 2021. Especially in June, the summer effect likely plays at least a partial role in the decline.



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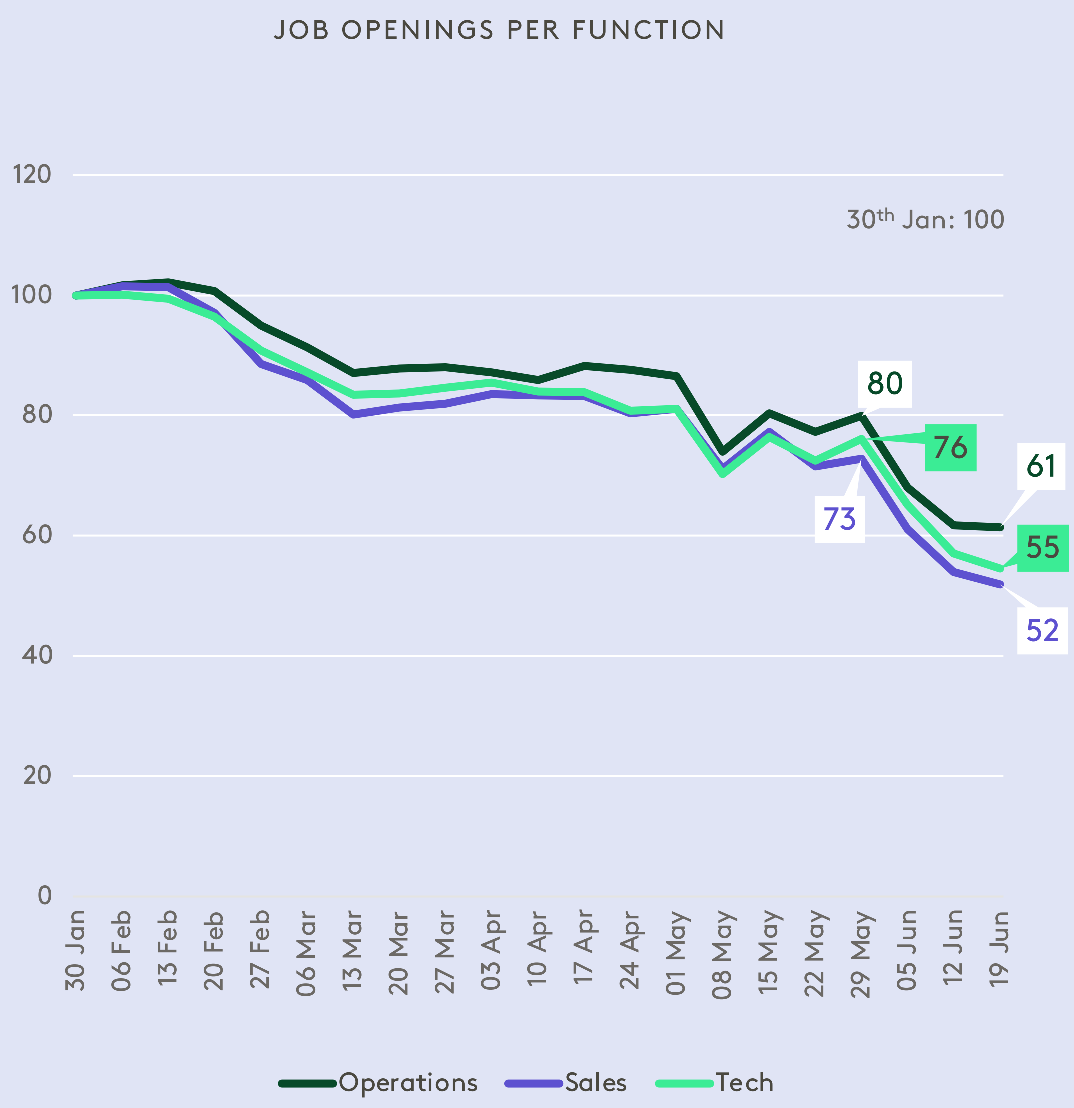

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All functions are affected by the downturn

Sales roles are leading the decline

In order to compare different types of roles, we split open positions to Tech, Sales and Operations.

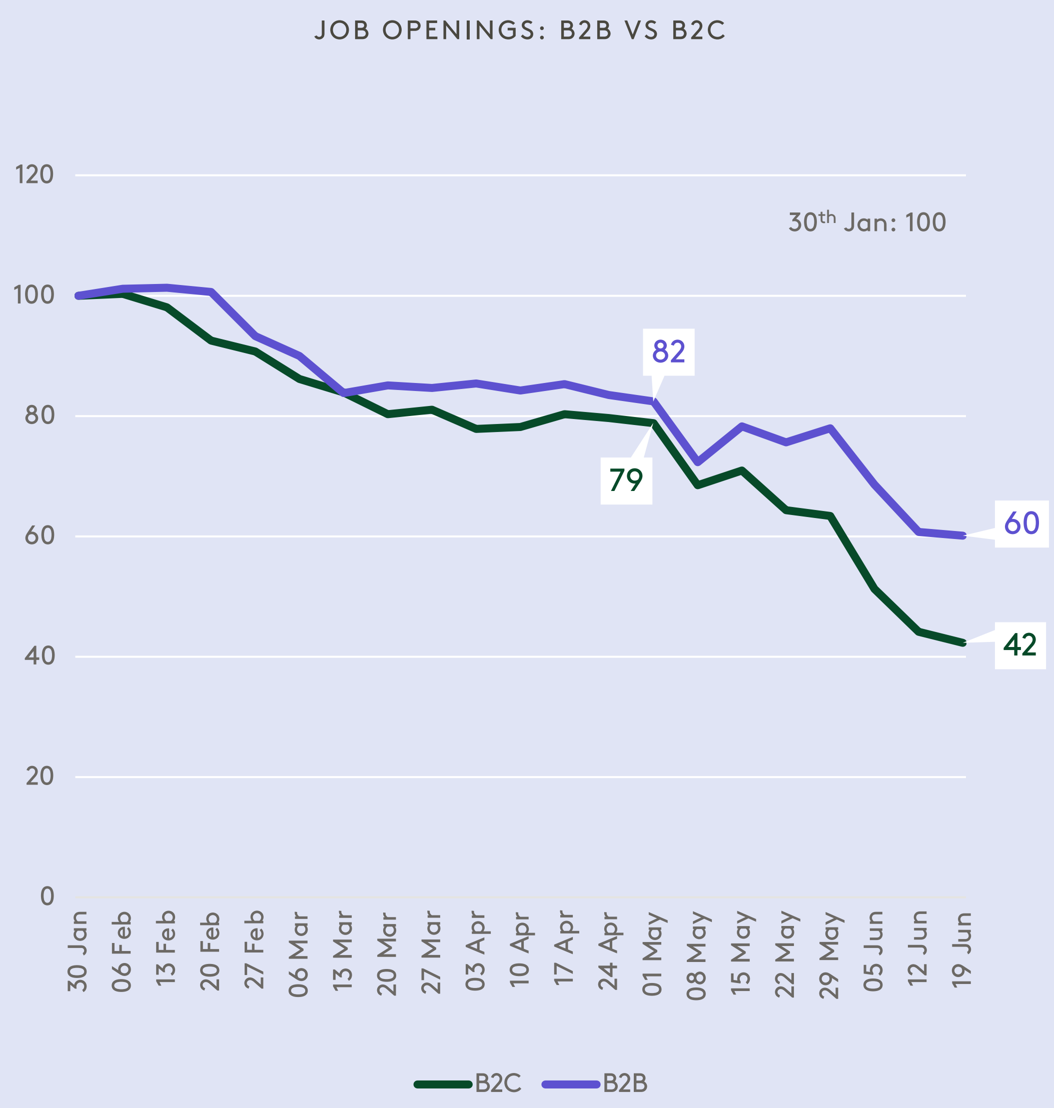
- Other positions have been excluded from the graph, as they don't form a relevant group.
- All time series have been indexed against 30th Jan, allowing us to focus on relative changes.

We see a decline from 30th Jan to 19th Jun in open positions across all types of roles:

- Operations -39%
- Tech -45%
- Sales -48%

Sales roles are impacted more than other categories however, differences are relatively small.

The decline is visible by the end of May, but only between -20 to -30 % within every categories.



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B2C companies are impacted much more than B2B

Difference during the period is 18 percentage points

B2C hiring is seeing much more impact than B2B:

- B2B is down 40%
- B2C is down 58%

The difference between B2B and B2C seems to accelerate from the beginning of May: in the first week of may the difference is only 3 percentage points (82% vs 79%).

This can mean B2C business models are more impacted by the downturn compared to B2B.

Note that the average of the B2B and B2C time series doesn't equal the average decline.

There are more B2B companies in the data, and many companies don't classify as either.

Series A and Series B companies are most impacted

Seed stage companies are still holding up against the downturn

Looking at company stage (based on previous funding round raised), there is large variation in hiring intent:

- Seed stage is down -30%
- Late VC is down -36%
- Series A is down -46%
- Series B is down -53%

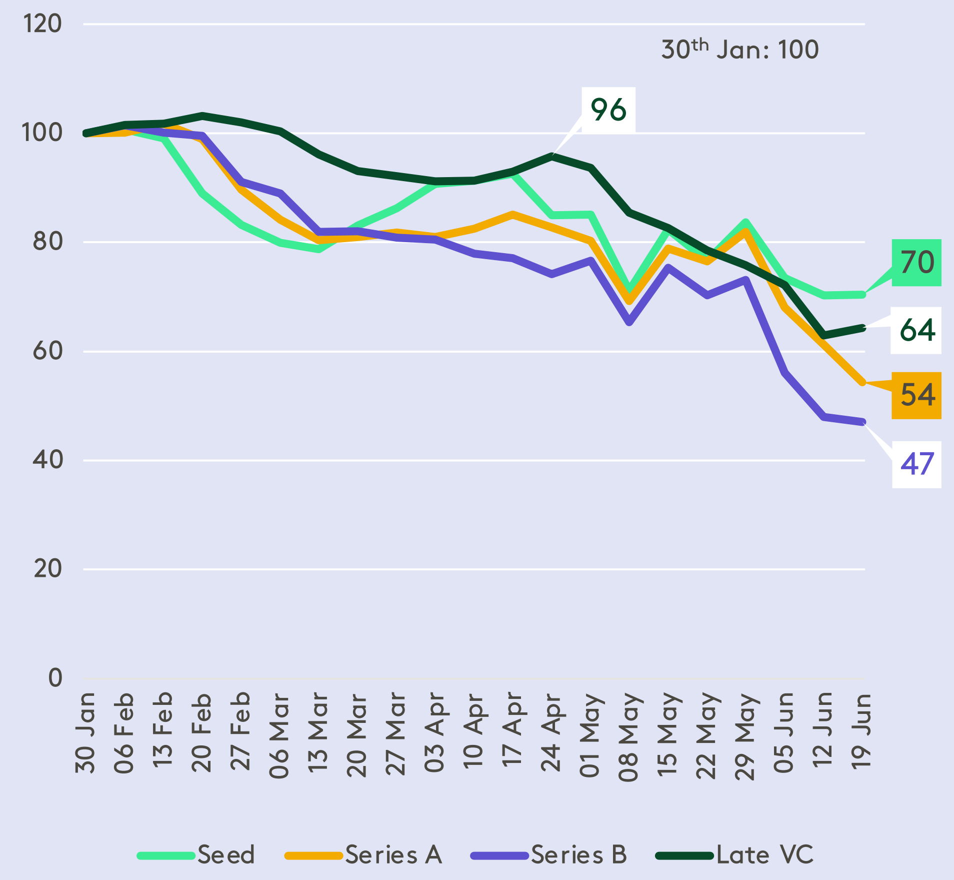
Series A and Series B companies are at a stage where they need to expand the team size significantly, while revenues are often low.

- We're seeing more caution in the phase where burn is expected to be high with uncertain outcome.

Seed companies, even though staying relatively at a higher level, typically recruit for few positions per company.

Late VC companies held up well until late April (with only 4% decrease until 24th), however are more impacted thereafter.

JOB OPENINGS BY COMPANY STAGE



Companies hire less locally, regionally and globally

All markets show surprisingly similar patterns

We classified all hires based on the market where the position is located compared to headquarters of the company. The goal was to see whether hiring is slowing more locally or abroad:

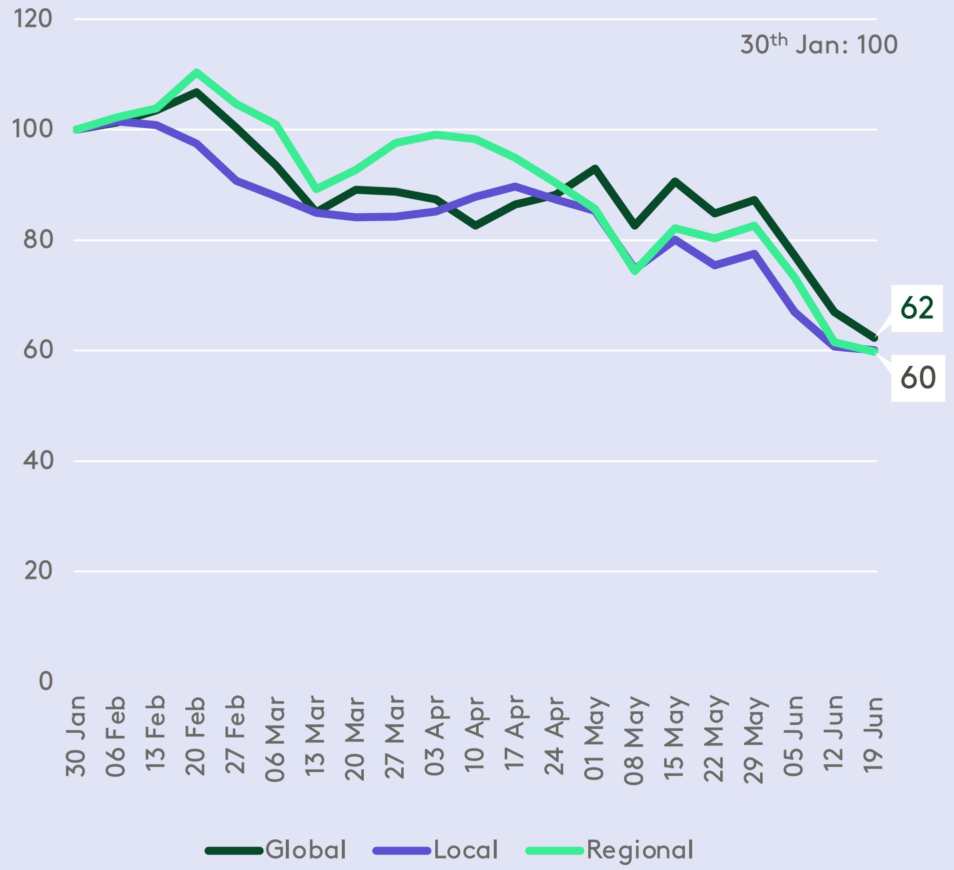
- Local (home country)
- Regional (home continent)
- Global (other continents)

Surprisingly, hiring locally, regionally, and globally has slowed very similarly, all categories are down between 38% and 40%.

Our expectation was that companies would be more focused on their home markets, but the decline in hiring seems to be broad.

In all categories, the decline is slower until the end of May, between 15% and 25%, accelerating in June.

JOB OPENINGS BASED ON TALENT LOCATION



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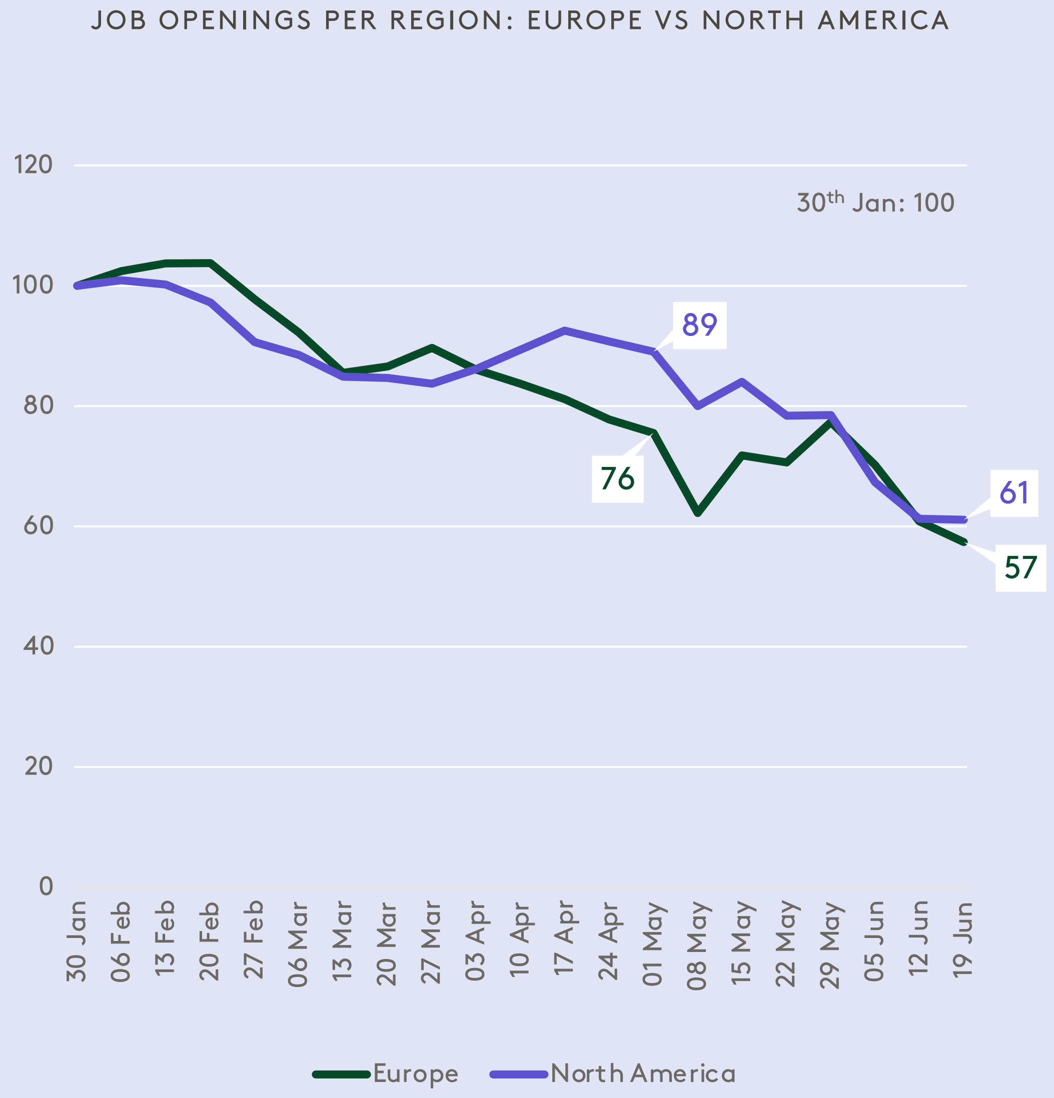

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Europe and North America are equally impacted

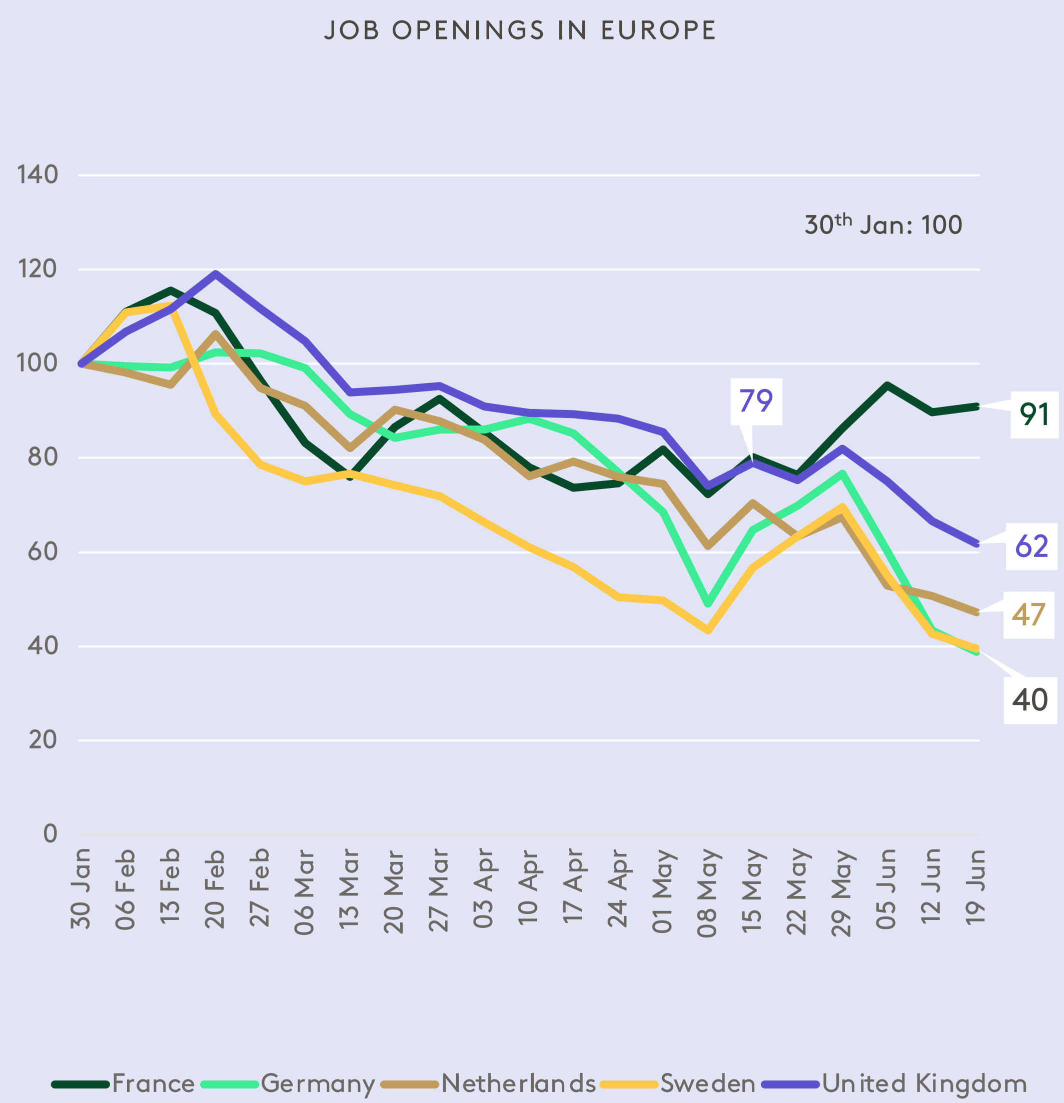
Hiring intent in Europe and North America seems to be equally impacted.

- Open positions in Europe are down 43%, whereas in North America the decrease is 39%.
- Even though some earlier weeks show a larger gap, there doesn't seem to be a meaningful difference between continents.

Europe caught the downturn quicker, for example on the 1st of May new open positions in Europe were down by 24% compared to 11% in North America.

Especially the Russian invasion of Ukraine has likely a more local effect in Europe.

However, during May, and especially June, the difference between Europe and North America has disappeared.



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France fares better than other European economies

In Germany and Sweden, the decline is very steep

Within the European countries, there is major variation in the hiring intent of companies.

France is ahead the rest of the pack, with only 9% decrease in new open positions since 30th Jan.

- This contrasts especially with Sweden and Germany, both having a 60% decline in open positions over the same timeframe.
- UK is fairly close to the average decrease at 38% decline over the period, whereas Netherlands are hit with a 53% decline.

We see UK and France doing better than other countries for most of the period, with a similar 21% decline on 15th May.

- It seems there is a deviation between the two during the few last weeks, to the advantage of France.

Conclusion

The data shows startup recruitment has slowed down dramatically, as companies race towards extending their runway amid the fear of a global recession.

While the period of hypergrowth and high valuations seems to have cooled off – at least for now - for startups with enough operating capital, the current market presents the opportunity to hire top talent from any region.

It's also important to note, that this report covers the first 6 -months of 2022, and with September to December generally known as pea recruitment period; the latter half of 2022 will be pivotal.

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>
> Companies that raised capital this year and have enough runway, can now hire top talent from any region.

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