
100k jobs created by venture-capital backed firms since 2003

The report states that since 2016, venture capital portfolio companies have created 5,000 jobs, most of which were made up by graduates and 100,000 since 2003.

Up to 100,000 high-level jobs have been created by venture capital and private equity backed firms since 2003, according to an economic impact study conducted by DCU Business School which was launched in Dublin on Tuesday.

The report states that since 2016, venture capital portfolio companies have created 5,000 jobs, most of which were made up by graduates.

Over the last fifteen years up to 2018, the research found that portfolio companies have created 25,046 high calibre jobs.

“Based on estimates that these companies support up to three additional downstream jobs means that equity funded companies helped to create up to a further 75,000 jobs or 100,000 in total,” says Dr Eric Clinton, associate professor in entrepreneurship at DCU Business School and author of the report.

“This may be a conservative estimate of job creation as our study does not include the growth in employment in equity backed firms since they exited the portfolio due to acquisition or IPO,” he added.

He claims that while many students are still attracted to employment in multinational companies such as Google and Facebook, recent years have seen more and more students are interested in starting their own businesses.

Dr Clinton, who lectures 300 students in entrepreneurship in DCU, said, “An encouraging entrepreneurial pipeline is developing in Ireland as today’s Kardashian generation demonstrates an increased appetite to start their own businesses. Thanks to social media they have an outward looking perspective and are influenced by 20 plus year-old global role models who are carving out successful new businesses, many internet-related.

“At a time when Ireland remains overly dependent on Foreign Direct Investment, it is vital that the Government creates the environment to harness this appetite for entrepreneurship. For example, current capital gains tax rates are a disincentive to younger members taking over a family firm.”

Neil McGowan, chairman, Irish Venture Capital Association (IVCA) commented, “Irish venture capital and private equity firms have invested €5bn in Irish SMEs since 2003 and, through syndication, have attracted in a further €3bn in funding from international firms.”

Funding rounds raised €2.6bn

In 2017, activity levels reached an all-time high with 291 funding rounds raising €994m according to Mr McGowan. During the three-year period 2016-18, 748 funding rounds have raised €2.6bn.

“Compared to the previous study period (2012-2015), this is an increase of over 60 per cent in the number of fundraising rounds and a 115 per cent increase in the amount of capital raised by innovative SMEs,” he continued.

Expenditure on research and development by IVCA portfolio companies represents 35 per cent of all SME share of total spend on BERD (Business Expenditure on Research and Development) in the years 2016-2018.

Dr Clinton concluded, “VC backed firms are important in helping to build an indigenous knowledge economy. We found that high-tech companies accounted for 90 per cent of funds raised between 2016 and 2018 compared to the European average of 22 per cent. This is the highest technology weighting in Europe and more equivalent to Silicon Valley.”

This is the seventh in-depth study of the economic impact of venture capital on the Irish economy.

By Stephen Larkin

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