

METHODOLOGY

# Best Startup Employers

February 2023

# Methodology – Best Startup Employers 2023

## Summary

Despite recent macro-economic trends that lead to companies making their operations more efficient, most US-based startups is still performing exceedingly well on a global comparison. Especially in the US market we continuously observe firms with innovative ideas and no less an aim than to disrupt the market. The unbroken confidence in the strength of US startups becomes visible in the volume of capital investments on the one hand and numerous startups reaching Unicorn status with multi-billion-dollar valuations on the other hand. For the fourth time, the study “Best Startup Employers 2023” examines best performing startups<sup>(1)</sup> as an employer through defined KPI’s to guide potential candidates in finding innovative and stable startups to work for. Companies considered in the evaluation must be headquartered in the U.S., founded between the years 2013 and 2020, employing at least 50 employees and exhibit a startup structure. Spin-offs of large corporations without a significant amount of external funding are examples of companies not considered.

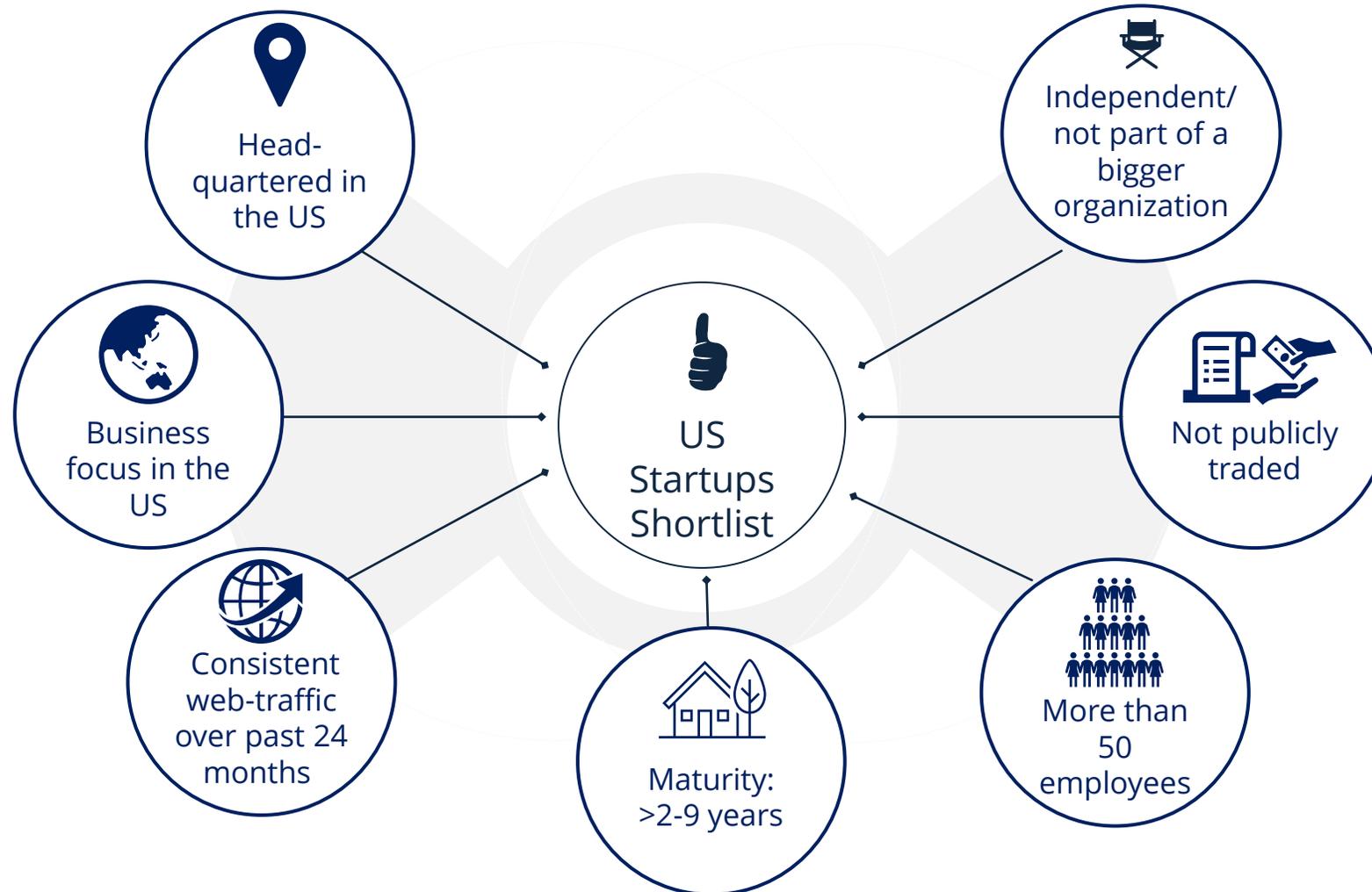
- Analysis of more than 7 million datapoints.
- All data gathered in Q4 2022 via a social listening campaign and extensive desk research.
- First step: narrow down initial longlist of more than 11,000 companies to 2,600 companies that qualified for the in-depth analysis.
- The detailed evaluation of 2,600 employers was based on three different criteria:
  - I. **Reputation as an employer**
  - II. **Employee satisfaction**
  - III. **Growth**



The 500 companies receiving the highest total score are awarded The Best Startup Employers 2023

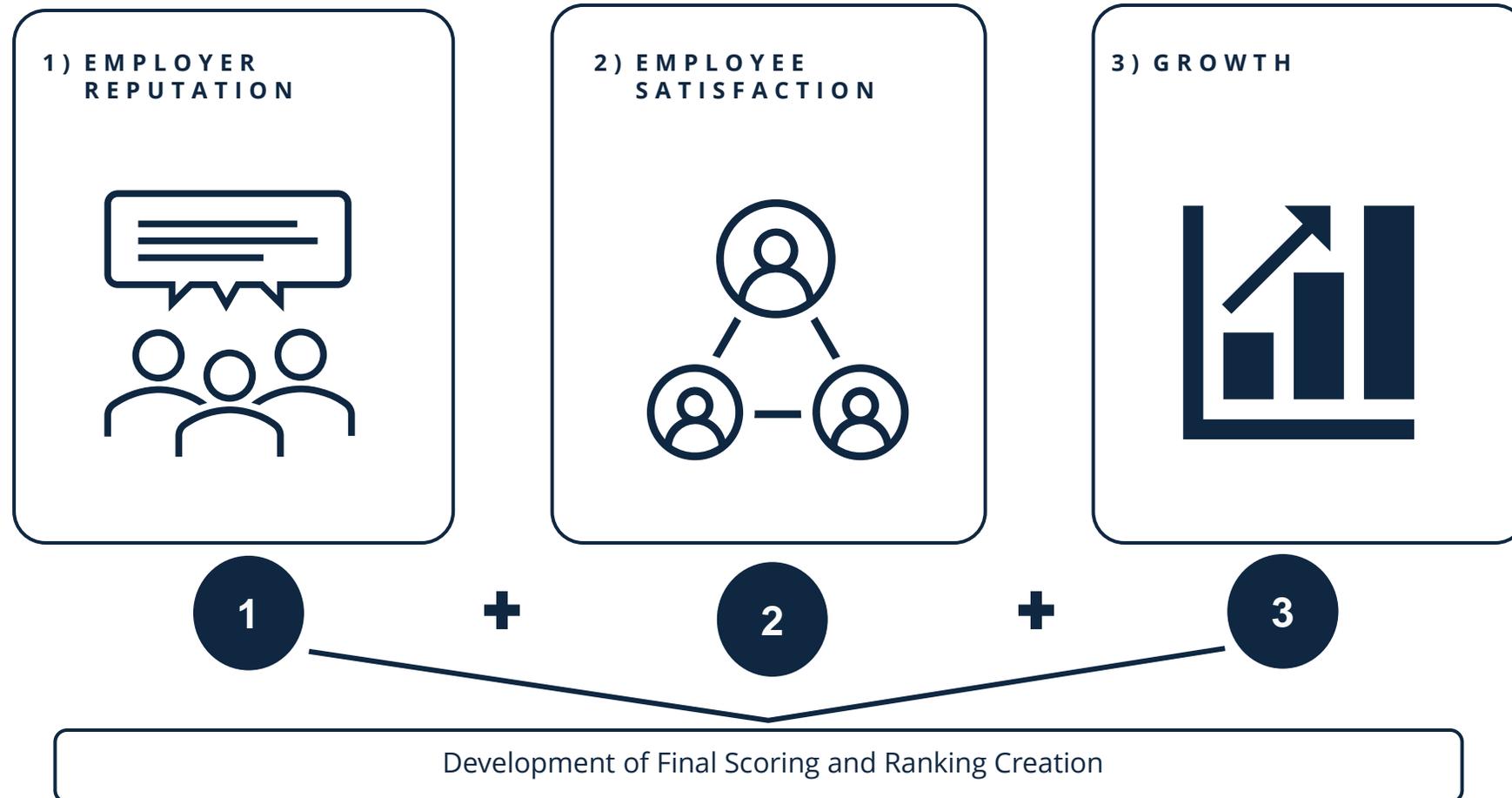
Startup definition and shortlist selection criteria have evolved with the experience of previous years and rollout to different countries

Inclusion criteria for shortlist



Large amounts of data are gathered from a variety of sources using state-of-the-art methods as well as desk research

## Pillars



# Social listening tracks and categorizes social media channels and web sources

Methodology: social listening

1

## EMPLOYER REPUTATION



- Data on employer reputation is collected using a social listening approach. This approach tracks information from social media channels and web sources and categorizes it.
- Relevant workplace aspects are defined, and search terms tested (e.g., employee engagement, company/corporate culture, company strategy, ...).
- For three months news sites, micro-blogs, blogs, and social networks will be tracked comprehensively regarding these aspects. The results describe employer attractiveness based on direct information linked to our specified companies.
- same logic is applied to our self developed twitter API monitoring tool.

### WHAT IS MEASURED?

- Relevant posts and articles are highlighted and through algorithm-based **text analysis** categorized as **positive, neutral** or **negative**. With this data, the share of positive content can be evaluated.
- Furthermore, the total volume of documents per company, a posts **virality** and **reach** (no. of linkages, shares and estimated readership) factored into the evaluation.

# Relevant KPIs researched on websites and job rating platforms

Methodology: Employee Satisfaction

2

## EMPLOYEE SATISFACTION



- Employee Satisfaction is important especially for companies in the early stages of maturity. Early hires can shape the development of startups in a profound way. They help build something from the ground up and identify closely with the service or product.
- Not only are happy employees' productive employees, but they also represent the first line of marketing and can act as brand ambassadors.

### WHAT IS MEASURED?

- Employee satisfaction can be measured through employee's **retention** (average length of employment in relation to a company's founding year) and **reviews** on the employer brands.
- KPIs such as "benefits" or "culture and values" have been collected from online platforms and the company websites. Gathering insights directly from the website adds objectivity on what organizations offer.
- The indicators are collected and evaluated through desk research and natural language processing.

Relevant KPIs will be researched on websites and job rating platforms

Methodology: Growth Indicators

3

GROWTH



- The main objective for many startups is growth. This is important not only for founders and shareholders but also for employees. Growth means **opportunities** to learn **new skills** and to take on new **responsibilities**.
- An innovative, fast-moving atmosphere is a unique selling point for startups to differentiate themselves from corporate employers with stronger brand recognition that can easily outspend them in terms of salary and other corporate benefits.

#### WHAT IS MEASURED?

In absence of comparable “hard” financial data a set of proxies for growth are evaluated:

- **Website traffic** (to prevent statistical outliers from skewing the results, a rolling average was used to normalize time series data)
- **Headcount growth**, calculated over a two-year time frame via websites, online platforms
- **Job openings**, referenced to company size, gathered from websites and openly accessible platforms

# Scoring model

All gathered data builds the basis for the Top 500 ranking



(1) Different weightings are assigned to different types of media. Logistic regression analysis was used to evaluate the impact each channel has on the sub score.

(2) Scores reported on an ordinal basis and were attributed by the deciles.

(3) To control for seasonal peaks and valleys in the time series data, a 4-month rolling average was applied

# Industries

Each employer grouped by industry

1. Advertising & Marketing
2. Biotechnology & Agriculture
3. Business Products & Software Services
4. Retail
5. Communication & Social
6. Robotics/Engineering
7. Professional Services
8. Education & EdTech
9. Energy & Resources
10. Manufacturing
11. Finance
12. Hardware & Electronics
13. Healthcare
14. Hospitality
15. Lifestyle & Health
16. Media & Entertainment
17. Real Estate
18. Security
19. Technology
20. Transportation & Logistics