



## Economics Seminars

**Thursday 15 April 2025 at 12:00**

**Aula Magna (ex Scienze Politiche)**

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 78

## Fabiano Schivardi

Università LUISS

### **Entrepreneurial Wealth Concentration and Firm Performance** (with S. Andressen, D. Argan and L. Guiso)

**Abstract.** Using Danish registry data, we examine how entrepreneurial wealth concentration—the extent to which an entrepreneur’s personal wealth is tied to their business—affects firm performance. We exploit minority shareholder divorces as an exogenous shock to concentration, as entrepreneurs often buy out minority stakes following a divorce. Our findings show that increased concentration lowers the average return on equity, reduces its variability, and decreases the firm’s default probability. Firms also experience declines in sales, employment, assets, debt, and leverage. These results suggest that greater wealth exposure to the business leads entrepreneurs to adopt lower-risk, lower-return strategies, dampening economic growth and job creation. A conservative counterfactual exercise indicates that capping all entrepreneurs’ stakes at 51% would increase average ROE by 5 percentage points and boost employment and sales by 6%.