Abstract:

Under common ownership, firms are incentivized to internalize the consequences of their behaviour on (some) other firms, deviating from the profit-maximizing choices (Easterbrook and Fischel, 1981; Rubin, 2006). One key consequence being milder competition. In this paper, I exploit unique data on the full distribution of firm ownership in Norway to document for the first time to which extent ultimate ownership of firms by private individuals is diversified, both from the firm’s perspective and from the owner’s perspective. I compute the degree of cross ownership and provide causal evidence that firms which have owners in common with their peers in the same industry charge higher markups.