Common Ownership, Firm Hiring and the Allocation of Human Capital*

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March 2026

Abstract

We study how common ownership shapes the allocation of human capital across firms. We construct a novel dataset combining LinkedIn-based employment histories with data on venture capital (VC) investments in U.S. startups. Exploiting the staggered adoption of liability waivers that allow investors to hold stakes in competing business opportunities as a plausibly exogenous shock to common ownership, we show that ventures with shared investors employ more workers, pay higher wages, and experience greater turnover than independent ones. At the same time, common ownership increases job-to-job mobility within investor portfolios, suggesting that shared investors facilitate the reallocation of workers across portfolio firms. Aggregating to the local market level, we find that common ownership significantly increases worker mobility without depressing overall employment or wages, though these positive effects weaken in more concentrated labor markets. Taken together, the results are consistent with coordination synergies that relax matching frictions outweighing potential monopsony effects.

Keywords: common ownership; labor market; venture capital; corporate opportunity waivers

*We are grateful to the Mehrotra Institute for Business, Markets, and Society for providing us the Pitchbook database. We thank Raviv Murciano-Goroff, Ginger Jin, Tim Simcoe and Rosemarie Ziedonis for constructive comments. All errors are our own.
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1. Introduction

In this paper, we provide new evidence on how common ownership affects worker mobility, employment, and wages. Common ownership arises when investors hold stakes in multiple firms within the same industry and has become increasingly prevalent (Gutiérrez and Philippon 2016; Backus et al. 2021b), raising new questions about how overlapping financial interests shape firm behavior. A large literature shows that common ownership can soften product market rivalry and alter firms' innovation incentives (Azar et al. 2018; Antón et al. 2025), yet we know much less about its implications for the allocation of human capital, where the networks created by shared investors may influence how firms compete for, retain, and deploy workers. We address this gap by studying the venture capital sector, which is not only central to entrepreneurial growth and innovation (Kortum and Lerner 2000; Puri and Zarutskie 2012), but also one in which investors frequently hold stakes in multiple ventures within the same industry and geography (Eldar and Grennan 2021; Chen et al. 2010) and play active roles in governance (Hellmann and Puri 2002; Gompers et al. 2020).

Understanding how common ownership affects worker mobility, employment, and wages is key to assessing the implications of such ownership links for firm growth and competitive dynamics, particularly in settings where human capital is a fundamental resource driving innovation (Stolpe 2002; Rosenkopf and Almeida 2003; Agrawal et al. 2006) and competitive advantage (Coff 1997; Lippman and Rumelt 1982). Our analysis also carries important policy implications. Recent debates about declining labor's share of income and the rise of "superstar firms" have pushed labor market considerations to the forefront of antitrust policy, which has historically focused on product market outcomes (Shapiro 2019).[1] At the same time, antitrust agencies have expressed growing concern about the competitive effects of common ownership.[2] In the U.S., these debates contributed to the inclusion in the 2023 Merger Guidelines of provisions explicitly addressing both minority investments by institutional investors and the scope for antitrust intervention in the presence of labor market effects.[3]

[1] For instance, regulators have begun to scrutinize "acqui-hires"—i.e., acquisitions undertaken primarily to secure talent—as potentially limiting both product and labor market competition. For acqui-hires scrutinized by the European Commission, see: https://www.reuters.com/sustainability/boards-policy-regulation/big-techs-acquihire-deals-face-regulatory-scrutiny-outgoing-eu-antitrust-2025-08-01/.

[2] For example, already in 2018, the Federal Trade Commission featured a hearing on common ownership (available at: https://www.ftc.gov/system/files/documents/public_events/1422929/ftc_hearings_session_8_transcript_12-6-18_0.pdf), and the European Commission examined the potential effects of common ownership in two recent cases, i.e., Dow/DuPont and Bayer/Monsanto (Burnside and Kidane 2020).

[3] Guideline #10 of the 2023 Merger Guidelines states: "When a Merger Involves Competing Buyers,

From a theoretical perspective, the effects of common ownership on labor market outcomes are ambiguous. Common investors may realize synergies across portfolio companies—for example, by facilitating employee flows or sharing information about potential hires—thereby improving matching efficiency. At the same time, ownership links may reduce competition for workers or facilitate collusion through "wage-fixing" or "no-poach" agreements.[4] Depending on which force dominates, common ownership can either increase or reduce worker mobility, employment, and wages.

To provide evidence on how common ownership affects these outcomes, we combine comprehensive venture capital (VC) investment data from PitchBook and VentureXpert with micro-level data on employee movements from Revelio Labs to construct a panel of ventures operating across different industries and Core Based Statistical Areas (CBSAs). Industry definition comes from Pitchbook and VentureXpert, which partition the economy into more than 40 business areas, including, for instance, "Computer Hardware," "Pharmaceuticals & Biotechnology," "Semiconductors," and "Software." Similar to metropolitan areas, CBSAs have often been used to determine the geographic boundaries of labor markets. We focus on the set of high-growth ventures that raised VC financing between 1990 and 2021, and collect information on their state of incorporation from VentureXpert and OpenCorporates. We also aggregate our data at the CBSA–industry level, which allows us to examine whether the ownership links we identify are sufficiently strong to affect aggregate mobility, employment, and wages across the firms we track within each industry-CBSA (henceforth, "a local market").

We first examine whether ventures that share investors with other local ventures differ in their employment, wages, and worker flows. We find that commonly owned ventures substantially expand employment and pay significantly higher wages relative to independent ones. They also exhibit about 5.6 percentage points higher turnover rate, suggesting that common ownership may facilitate better matching and reallocation of workers across related firms. A natural question is the extent to which these firm-level differences translate into changes in aggregate local-market outcomes.

To address this, we exploit variation in the share of commonly owned ventures within a local market. We find that common ownership is associated with significant increases

the Agencies Examine Whether It May Substantially Lessen Competition for Workers, Creators, Suppliers, or Other Providers." Guideline #11 of the 2023 Merger Guidelines states: "When an Acquisition Involves Partial Ownership or Minority Interests, the Agencies Examine Its Impact on Competition." Guidelines: https://www.justice.gov/atr/merger-guidelines.

[4]For instance, in the early 2000s several Silicon Valley firms engaged in a collusive agreement to refrain from recruiting each other's employees (Gibson 2024), and Herrera-Caicedo et al. (2025) show that this was associated with firms sharing a common leader, such as a board member.

in worker mobility within local markets, defined as the number of workers who leave an employer and begin working at another firm in the same industry–CBSA within a year. Moving from no common ownership to full common ownership—defined as all ventures sharing a VC investor with another local venture—increases this internal job-to-job mobility by about 14.5%. A more realistic 15-percentage-point rise—roughly the average variation observed across markets—is associated with a 2% increase in mobility. When we broaden the definition of mobility to include moves across CBSAs, the effect roughly doubles to 4%. For comparison, Marx et al. (2009) estimate that enforcing non-compete agreements in Michigan reduced worker mobility by 8.1%.

Although we observe strong firm-level effects on employment and wages, aggregate outcomes remain largely unchanged. Commonly owned ventures account for a relatively small share of total employment, and their expansion is partly offset by higher worker outflows from other firms in the same market. Taken together, these findings suggest that common ownership facilitates scaling among portfolio ventures and enhances worker mobility, while leaving aggregate employment and wages roughly stable.

To address potential endogeneity concerns arising from the existence of unobservable local market, time-varying shocks that may drive both investors' incentives to engage in common ownership as well as our outcomes, we exploit variation arising from the staggered adoption of corporate opportunity waiver (COW) statutes across eight U.S. states between 2000 and 2016. These laws authorize firms incorporated in adopting states to include charter provisions that release their directors and investors from liability when they appropriate a business opportunity that could otherwise be considered in the firm's best interest (e.g., Rauterberg and Talley (2017)). Since VCs typically hold board seats and hence have access to sensitive information about their portfolio companies, common owners are likely to be exposed to potential conflicts of interest. By limiting directors' and investors' exposure to such litigation risk, COW statutes reduce the legal frictions associated with investing in multiple firms within the same local market.

Eldar and Grennan (2024) use a venture's incorporation in a COW-adopting state as an instrument for that venture's common VC ownership. They argue that, since the adoption of COW laws was not driven by lobbying efforts or broader economic trends, was narrowly targeted to shield investors from liability, and was unrelated to incorporation choices, these statutes are unlikely to affect startup outcomes through channels other than common VC ownership. We adopt their identification strategy at the firm level and extend it to the local market level by constructing a shift-share instrument that captures the share of ventures active in a given industry–CBSA–year

that are incorporated in states that had already adopted a COW. This measure provides plausibly exogenous variation in the prevalence of common VC ownership both across firms and across local markets over time.

We find that the qualitative patterns from our baseline design remain unchanged: at the firm level, commonly owned ventures expand employment, pay higher wages, and exhibit greater turnover, while at the aggregate level, common ownership primarily increases worker mobility. The estimated magnitudes, however, are larger when using the instrumental variable (IV) approach. This difference is unsurprising, as IV estimates typically capture a local average treatment effect for the subset of firms or local markets most affected by the instrument. In our case, these are the settings where COW adoption meaningfully reduced legal barriers to investing in multiple related startups, thereby amplifying the coordination and labor mobility effects of common ownership.

Finally, we consider two mechanisms that may explain our findings. First, we examine whether common ownership facilitates worker movements specifically within investor portfolios. For each pair of ventures located in the same CBSA, we estimate the likelihood of at least one worker moving between them as a function of whether they share a common VC investor, controlling for dyad and year fixed effects. This specification allows us to isolate within-portfolio job-to-job flows and test whether common ownership increases mobility across linked ventures relative to independent pairs. We find that the likelihood of an employee moving from one venture to another in the same CBSA is 2.2 percentage points higher when the pair shares a common investor, and 4.9 percentage points higher when the two ventures also operate in the same industry. This suggests that part of the observed increase in worker mobility is driven by job-to-job transitions within investors' portfolios. Taken together with our firm-level results on employment and wages, these patterns are inconsistent with the hypothesis that common ownership facilitates labor-market collusion or leads to negative labor market power effects, at least on average.

Second, we explore whether the effects of common ownership vary with local employer concentration. Intuitively, any negative market power effects should be stronger in local markets that are already concentrated, much as antitrust authorities treat mergers in highly concentrated markets as more likely to be anti-competitive (Nocke and Whinston 2022). To test this channel, we use employment shares to compute an industry–CBSA level Herfindahl–Hirschman Index (HHI) prior to the emergence of common ownership and interact this measure with the share of commonly owned ventures. We find that the positive aggregate effects of common ownership, particularly on worker mobility,

are significantly weaker in already concentrated local markets, suggesting that common ownership may amplify monopsony power where competition for workers is limited.

Related Literature. Our analyses contribute to a large literature examining the effects of common ownership of public firms by passive institutional investors on prices (Azar et al. 2018), entry (Newham et al. 2025), innovation (Antón et al. 2025), and overall welfare (Backus et al. 2021a; Ederer and Pellegrino 2025). Closer to our work, Azar et al. (2022b) exploits a firm's inclusion in the S&P 500 index as a shock to the common ownership of its competitors in local labor markets. They conclude that common ownership reduces average annual earnings per employee and raises separation rates, but ultimately increases total employment in the local labor market.

The relatively small stakes typically held by institutional investors have raised questions about the mechanisms through which common ownership generates real effects, sparking an intense debate over the causal interpretation of existing evidence.[5] We complement this line of research by studying a different institutional setting. VC investors generally hold more significant control rights than passive institutional shareholders (Gompers et al. 2020), and rely on both formal and informal mechanisms—such as the appointment of board representatives (Amornsiripanitch et al. 2019; Ewens and Malenko 2020)—to influence managerial strategy in their portfolio firms. In this context, we provide evidence of novel outcomes shaped by common ownership. By doing so, we also contribute to an emerging literature on common ownership in the VC industry documenting its positive effects on firms' ability to raise VC, exit rates, innovation efficiency, portfolio exchanges, as well as common investors' strategic reallocation of financial resources within the portfolio (González-Uribe 2020; Li et al. 2023; Eldar and Grennan 2024; Leccese 2024).

Human capital is also a key driver of competitive advantage (Coff 1997; Lippman and Rumelt 1982), and mobility of skilled workers plays a central role in shaping innovation and industry dynamics (Arrow 1962; Almeida and Kogut 1999; Song et al. 2003; Agarwal et al. 2004; Franco and Filson 2006).[6] Prior work has emphasized technological and geographic determinants of mobility, including workers' movements toward related technologies or regional clusters (Jaffe et al. 1993; Stuart and Podolny 1996). We

[5] Antón et al. (2023) proposes—and provides supporting evidence for—a new mechanism: managerial incentives become less performance-sensitive in firms with higher common ownership. Still, these results rest on the assumption that minority institutional shareholders can affect managerial contracts.

[6] Similar trade-offs have also been examined when evaluating policies affecting labor mobility, such as non-competes (Conti 2014; Ewens and Marx 2018; Starr et al. 2018; Marx 2022; Xiao 2022; Jeffers 2023; Johnson et al. 2023) or employee protection laws (MacLeod and Nakavachara 2007; Acharya et al. 2013; Acharya and Xu 2017; Ekinci and Wehrheim 2024).

complement this literature by highlighting a financial dimension: ownership networks among venture capital investors create organizational linkages that channel the flow of human capital across connected firms. Through these networks, investors can influence the allocation of talent across firms and, ultimately, how market competition unfolds.

Prior work has examined the consequences of monopsony power, defined as a firm's ability to restrict employment below its competitive level and pay wages below the marginal revenue product of labor (Robinson 1969). A key source of monopsony power is labor market concentration, with recent studies documenting a negative relationship between employer concentration and wages (Azar et al. 2022a; Benmelech et al. 2022). Beyond concentration, monopsony power can also arise in markets with many potential employers if workers face frictions that limit job mobility (Burdett and Mortensen 1998; Jarosch et al. 2024).[7] In principle, common VC ownership could increase effective concentration by inducing firms to internalize competitors' profits, but it may also alleviate search and matching frictions. Our evidence does not support broad concerns that common ownership constitutes an important source of monopsony power—at least in the VC sector, where we find no negative effects on employment or wages.

Recently, labor market outcomes have also become a central focus of antitrust enforcement (Shapiro 2019). A first strand of research examines the effects of mergers on labor markets, showing that consolidation can depress wages, reduce match quality, and sometimes lead to layoffs (Arnold 2019; Prager and Schmitt 2021; Montag 2023; Shi 2024).[8] A second strand focuses on collusive practices, such as no-poach and wage-fixing agreements, which restrict worker mobility and suppress wages (Krueger and Ashenfelter 2022; Callaci et al. 2024; Lafontaine et al. 2025; Delabastita and Rubens 2025). Particularly relevant to our setting, where VCs often hold board seats, Herrera-Caicedo et al. (2025) show that sharing a common leader, such as a board member, increases the likelihood of entering a no-poach agreement. A more recent line of work explores the interaction between labor and product market power, showing that in the presence of oligopsony, price collusion becomes easier to sustain and mergers lead to larger price increases (Bisceglia 2024; Setzler 2025). We contribute to this literature by focusing on a different form of consolidation—common ownership—which has gained traction in antitrust debates.[9]

[7] Another important source is heterogeneity in worker preferences (e.g., Lamadon et al. 2022). For a comprehensive overview of monopsony theories and related policy responses, see Azar and Marinescu 2024.

[8] Babina et al. (2023) show that stronger antitrust enforcement against anticompetitive conduct raises average wages in affected industries.

[9] For example, already in 2018, the Federal Trade Commission featured a hearing on common ownership (available at: https://www.ftc.gov/system/files/documents/public_events/1422929/ftc_hearings_

We examine its implications not only for employment and wages but also for worker mobility, a key driver of knowledge diffusion and innovation (Dasaratha 2023).

Finally, beyond antitrust, a distinct body of work studies how non-compete agreements (NCAs) shape labor market outcomes, consistently finding that stricter enforceability of NCAs reduces mobility and suppresses wage growth (Marx et al. 2009; Balasubramanian et al. 2022; Johnson et al. 2025). We complement this research by examining common ownership as an alternative channel influencing similar outcomes in the VC ecosystem, where investor coordination rather than contractual restrictions governs worker reallocation.

The rest of the paper is organized as follows. A conceptual framework summarizing the channels through which common ownership influences mobility, employment, and wages is developed in Section **??**. Section 3 describes the data and Section 4 the empirical strategy. The main results are presented in Section 5, whereas Section 6 analyzes the mechanisms driving such effects. A conclusion is offered in Section 7.

2. Conceptual Framework

This section outlines a simple conceptual framework clarifying how common ownership can shape wages, employment, and worker mobility. The goal is not to provide a full formal model, but to highlight the key mechanisms linking ownership structures to the labor-market outcomes examined in our empirical analyses.

Baseline environment. Workers choose among potential employers based on wages and non-wage attributes. Let a worker's utility from joining firm j depend on the offered wage w_j and on a firm-specific component a_j that captures job characteristics. Because employers are differentiated, each has some wage-setting power. On the firm side, let the marginal product of a new hire be y and the hiring cost h. The firm's payoff from hiring a worker is $(y-h-w_j)s_j$, where s_j denotes the firm's employment share. The firm chooses w_j to balance the benefits of attracting more workers against the costs of higher wages.[10]

Common ownership and portfolio internalization. Now suppose that some investors each hold an equity stake ρ in multiple firms operating in the same local market (henceforth "*portfolio firms*"). Following Rotemberg (1984), if managers maximize shareholder value with control weights proportional to ownership shares, the objective of a portfolio

session_8_transcript_12-6-18_0.pdf), and the European Commission examined the potential effects of common ownership in two recent cases, i.e., Dow/DuPont and Bayer/Monsanto (Burnside and Kidane 2020).

[10] This setup is consistent with a differentiated employer model with logit labor supply.

firm f can be expressed as,

$$\begin{aligned}
\Omega_f &= \sum_s \beta_{fs}\Big(\sum_g \beta_{gs}\,\pi_g\Big) \\
&= \sum_s \beta_{fs}^2\,\pi_f \;+\; \sum_s \beta_{fs}\sum_{g\neq f}\beta_{gs}\,\pi_g \\
&= \big[(1-\rho)^2+\rho^2\big]\pi_f \;+\; \rho^2 \sum_{g\in\mathcal{P}\setminus\{f\}} \pi_g \\
&\propto\; \pi_f \;+\; \frac{\rho^2}{(1-\rho)^2+\rho^2} \sum_{g\in\mathcal{P}\setminus\{f\}} \pi_g \\
&=\; \pi_f \;+\; \kappa \sum_{g\in\mathcal{P}\setminus\{f\}} \pi_g,
\end{aligned}$$

where β_{fs} is the stake owned by an investor s in firm f, $\mathcal{P}$ is the investor's portfolio (with $|\mathcal{P}| = N$), and $\kappa \equiv \frac{\rho^2}{(1-\rho)^2+\rho^2}$ is strenght of common ownership which increases in ρ. Therefore, at portfolio firms, hiring decisions account for the implications on the other firms in the portfolio of the investor. The investor's oversight and board presence provide informal capacity to monitor the alignment of managerial decisions with ownership interest, ultimately shaping them.

Networks and coordination synergies. Common ownership creates a network of governance ties connecting firms through shared investors. Prior research on interorganizational networks shows that such ties foster trust, repeated interaction, and information exchange (Gulati 1998; Ahuja 2000). A related literature in labor economics and sociology shows that social networks improve screening and match quality by expanding access to candidates and transmitting credible information about worker ability (Granovetter 1973; Montgomery 1991, 1992).[11]

From a relational-view perspective (Dyer and Singh 1998), investors act as central hubs that lower transaction costs and facilitate resource recombination across investees. Thus, common owenrship ties can raise wages and improve the quality of worker-firm matches, thereby enhancing firm performance and growth. Importantly, these mechanisms need not involve direct control over hiring; rather, they increase visibility of opportunities and worker capabilities across firms through shared board members,

[11] Consistent with this, empirical evidence suggests that referrals give firms access to otherwise untapped worker pools and mitigate information asymmetries about candidate quality (Beaman and Magruder 2012; Brown et al. 2016; Dustmann et al. 2016; Hensvik and Skans 2016; Pallais and Sands 2016).

advisors, and overlapping professional networks.[12]

We represent these benefits as *coordination synergies* $\lambda(\kappa)$, with $\lambda(0) = 0$ and $\lambda' > 0$. This term can be interpreted as either increasing employer–employee match quality—i.e., raising the marginal product of a new hire y—or decreasing search costs—i.e., reducing the hiring cost h. The profit of a portfolio firm i can then be written as,

$$(1) \qquad \big(y - h - w_i + \lambda(\kappa)\big)s_i(w) + \kappa \sum_{j \in \mathcal{P}\setminus\{i\}} \big(y - h - w_j + \lambda(\kappa)\big)s_j(w).$$

Implications for wages and employment. A portfolio firm chooses w_i to maximize (1), yielding the first-order condition:

$$(2) \qquad w_i = \big[y - h + \lambda(\kappa)\big] - \frac{s_i}{\eta_i} - \kappa \sum_{j \in \mathcal{P}\setminus\{i\}} D_{j\to i}\big(y - h - w_j + \lambda(\kappa)\big)s_j(w),$$

where η_i is the semi-elasticity of firm i's labor supply and $D_{j\to i}$ denotes the diversion ratio, i.e., the fraction of workers moving from j to i following an increase in the wage offered at i. The first term reflects coordination synergies that raise productivity or lower search costs. The second is the standard monopsony markdown arising from job differentiation. The final term captures *internalized diversion*: by raising wages, firm i attracts workers from other portfolio firms, reducing the common owner's value, thus relaxing wage competition.

The overall effect of common ownership depends on the relative strength of these forces. When coordination synergies dominate, portfolio firms expand employment and pay higher wages despite partially internalizing competition. When internalization dominates, the opposite occurs. The aggregate impact in a local market also depends on the response of independent firms. When wage competition is in strategic complements—as in standard oligopsony models where firms compete in wages (e.g., Bhaskar et al. 2002)—independent firms raise their wages in response to increases by portfolio firms. Hence, the sign of the aggregate wage and employment effect ultimately reflects whether common ownership raises or lowers wages among portfolio firms.

Mobility and reallocation across portfolio firms. Finally, common ownership can reshape worker mobility. Theory and evidence link periods of firm growth and wage expansion to greater reallocation of workers across firms, as expanding and higher-wage

[12] This is particularly the case in settings such as venture capital, where investors are active and interconnected.

employers attract workers from contracting or lower-wage ones (Burdett and Mortensen 1998; Postel–Vinay and Robin 2002; Moscarini and Postel-Vinay 2017). By influencing portfolio firms' wages and employment, common ownership can thus alter patterns of worker reallocation. In addition, by creating an organizationally bounded layer, shared investors may reduce search and matching frictions for workers transitioning across portfolio firms, effectively increasing $\lambda(\kappa)$ for within-portfolio moves and amplifying intra-portfolio transitions. At the aggregate local market level, whether these flows enhance overall labor-market dynamism depends on the balance between efficiency gains from reduced matching frictions and countervailing effects of higher ownership concentration.

Empirical interpretation. This framework generates predictions at both the firm and market levels. When coordination synergies dominate, commonly owned firms should exhibit higher wages, employment, and turnover—patterns we test directly using firm-level data. We then aggregate these relationships to the industry-CBSA level to assess how changes in common ownership intensity affect overall local-market dynamism.

3. Data

We assemble a novel dataset that combines venture capital investment, workers' employment trajectories, and legal incorporation records. This section describes the data sources, the procedure used to merge them, the construction of the main variables, as well as some sumary statistics.

3.1. Data sources

Our primary data on venture capital investments come from PitchBook and VentureXpert (LSEG Data & Analytics). Both datasets report detailed information on financing rounds, including the identity of the investee and investors, the date and type of each round, the investee's headquarters ZIP code, and an industry classification. PitchBook assigns each venture to one of 41 industries, while VentureXpert uses a related but non-identical proprietary taxonomy. Because our measure of common ownership relies on consistent industry definitions, we manually construct a crosswalk between the two taxonomies (Appendix Table A.1).[13] To assign ventures to local labor markets, we map headquarters

[13]We rely on PitchBook's "Industry Group" and VentureXpert's "Primary Industry Sub-Group" in the baseline analyses and show robustness to using more granular classifications.

ZIP codes to Core Based Statistical Areas (CBSAs) using ZIP-code–level definitions from the U.S. Census Bureau.

Data on employment, job transitions, and worker characteristics come from Revelio Labs, which extracts individual employment histories from LinkedIn profiles. Revelio provides start and end dates for each position, worker moves across employers, educational and skill information, and salary estimates based on a model trained on more than 200 million salary observations.[14] These data have been widely used in recent work, including studies of labor markets, firm dynamics, and entrepreneurship.[15]

Our identification strategy uses the staggered adoption of corporate opportunity waivers across U.S. states, which requires reliable information on ventures' incorporation states. We obtain this information from VentureXpert and from OpenCorporates, the largest global open database of legal entities. OpenCorporates provides firm-level registration and incorporation records.[16]

3.2. Sample construction and key variables

We construct a panel of venture–year and industry–CBSA–year observations by integrating venture investment histories, worker-level employment data, and incorporation records. We begin with the universe of ventures that raised at least one VC round between 1990 and 2021 in either PitchBook or VentureXpert. Because PitchBook provides rich recent coverage while VentureXpert offers substantially deeper pre-2007 coverage, we merge the two sources to obtain the most comprehensive longitudinal dataset available for VC-backed ventures.

We treat PitchBook as the primary dataset and merge in venture and investor records from VentureXpert. Ventures appearing in both sources are linked using fuzzy matching on firm names combined with exact matching on headquarters state. Ventures found only in VentureXpert are retained to expand historical coverage. Investor identities are matched by fuzzy name matching and exact matching on investor location to ensure consistency in venture–investor relationships.

To link ventures to worker-level employment histories, we follow a two-stage procedure. First, when PitchBook reports a LinkedIn URL, we match firms to Revelio using

[14] The model uses role, seniority, firm, and country characteristics and obtains an out-of-sample root mean square error of 14%.

[15] See, for example, Hacamo and Kleiner (2022), Bernstein et al. (2023), Jeffers (2023), Amanzadeh et al. (2024), Chen et al. (2025), Kwan et al. (2025).

[16] We gratefully acknowledge OpenCorporates for providing free academic access through its Public Benefit Project; data are available at https://opencorporates.com/use-cases/academia.

the exact URL. Second, for firms without a LinkedIn URL, we employ fuzzy matching on firm names combined with exact matching on headquarters state.

The merged dataset integrates (i) venture characteristics and investment histories from PitchBook and VentureXpert, (ii) worker mobility and employment outcomes from Revelio Labs, and (iii) incorporation-state information from VentureXpert and OpenCorporates.

We are currently in the process of collecting information on the state of incorporation for all firms in the sample. So far, we have completed this data collection for the subset of venture with at least one patent, which we identify using information from USPTO and Ewens and Marx (2024). The following analyses will focus on this restricted sample of ventures.

Firm–year panel. We begin by constructing a firm–year panel including all years in which a venture is active as a private firm. A venture exits the sample when it undergoes an IPO or when acquired. When these dates are unavailable, we follow Li et al. (2023) and assume that a venture is written off from an investor's balance sheet if it receives no new financing for five years after its last round. The year in which a venture enters our sample is the founding year when reported, and the year of first investment otherwise.

Our measure of common ownership is a binary indicator, *Common VC*, equal to one if venture i shares at least one VC investor with another active venture in the same CBSA–industry–year. We drop CBSA–industry–years with only one active venture because neither common ownership nor worker mobility can be defined in such local markets.

Using Revelio data, we construct several firm-year outcomes. *Firm Employment* is the number of workers employed by the firm in a year. *Firm Wage* is the average worker salary at the firm in a year. *Turnover Rate* equals the number of workers separating from the firm in a year divided by the average of the firm's employment at the start and end of that year. To capture worker mobility, *J2J* counts workers who leave the focal firm and join another employer in the same or following year, while *Internal J2J* restricts these transitions to moves within the same CBSA–industry. For example, if a worker employed at a biotech venture in Boston leaves the firm and joins another biotech venture in Boston within a year, we classify the move as an internal J2J. By contrast, if the same worker moves to a biotech firm in New Jersey or to a non-biotech firm in Boston, the move is coded as a J2J but not as an internal J2J.

Local market–year panel. We also aggregate the firm-level panel to construct a dataset at the industry–CBSA–year level. We measure common ownership as the fraction of active

TABLE 1. Summary Statistics

Summary Statistics						
	Obs	Mean	SD	p10	p50	p90
Panel A: Firm-year level						
CommonVC	139,567	0.24	0.43	0.00	0.00	1.00
Firm Employement	139,567	142.10	914.63	2.00	19.00	202.00
Firm Wage	139,567	109525.31	64391.65	51284.45	99947.62	179137.86
J2J	139,567	1.20	7.48	0.00	0.00	2.00
Internal J2J	139,567	0.39	4.03	0.00	0.00	0.00
Turnover Rate	123,458	0.13	0.18	0.00	0.08	0.30
Panel B: Industry-CBSA-year level						
CommonVCShare	18,918	0.08	0.20	0.00	0.00	0.36
Total Employement	18,918	149.31	602.64	5.50	38.07	274.34
Average Wage	18,918	90100.74	30013.69	61923.87	85432.71	124245.56
Worker Inflow	18,918	34.48	155.68	1.00	8.75	60.67
Total J2J	18,918	0.67	2.72	0.00	0.00	1.50
Total Internal J2J	18,918	0.16	1.09	0.00	0.00	0.33
Worker Outflow	18,918	29.07	220.22	0.00	4.67	45.11
PreHHI	18,918	0.57	0.25	0.23	0.56	0.93

Notes: This table presents the summary statistics at the firm-year level; industry-CBSA-year level, and dyad-year level.

ventures in a local market-year that share at least one investor with another venture active in the same local market (*Common VC Share*). This measure ranges from 0 (no ventures share an investor) to 1 (every venture shares at least one VC with another local competitor), capturing the prevalence of common owenrship in the local market.

We construct six local market-level labor outcomes: (i) *Total Employment* is the total number of workers employed by ventures in the market; (ii) *Average Wage* is the average salary across all workers employed by those ventures; (iii) *Total J2J* counts workers who leave a venture in the market and subsequently join an employer outside the market; (iv) *Total Internal J2J* counts job-to-job transitions across ventures within the market; (v) *Worker Inflow* is the total number of workers beginning employment in the local market in a certain year; (vi) *Worker Outflow* is the total number of workers that end their employment at a firm in the market, out-of-market transitions, transitions to firms

outside the sample (e.g., public firms or non–VC-backed firms) and transitions into unemployment.

4. Empirical Framework

We examine the effects of common VC ownership on employment, wages, and worker mobility using two complementary empirical designs, which, together, allow us to capture both micro-level implications of common ownership for individual firms and its aggregate effects on local markets.

At the firm level, we analyze how common ownership affects venture outcomes directly. Here, the treatment variable is an indicator for whether a firm shares a VC investor with another venture in the same local market. We estimate via OLS a series of regressions of the following form:

$$y_{i,t} = \alpha_i + \alpha_{c,t} + \alpha_{m,t} + \beta \cdot CommonVC_{i,c,t} + \varepsilon_{i,c,t} \tag{3}$$

where $y_{i,c,t}$ is the firm's total employment (in logs), the average wage paid at the firms (in logs), Job-to-job movement (in logs), internal job-to-job labor movement (in logs), or firm turnover, defined as the fraction of the firm's employees leaving each year; α_i, $\alpha_{c,t}$ and $\alpha_{m,t}$ are firm, CBSA-year and industry-year fixed effects.

At the local market level, we construct a panel of industry–CBSA–year observations capturing the aggregate activity of VC-backed ventures. Our baseline specification relates labor market outcomes to the share of ventures in the market that share a common VC investor (*CommonVCShare*). Specifically, we estimate regressions of the following form using ordinary least squares (OLS):

$$\ln(1 + y_{i,c,t}) = \alpha_{i,c} + \alpha_{c,t} + \beta \cdot CommonVCShare_{i,c,t} + \varepsilon_{i,c,t} \tag{4}$$

where $y_{i,c,t}$ is total employment in the local market, the average wage, the worker inflow, the internal J2J within the local market, the total J2J, and the worker outflow. This design exploits within-CBSA-year variation across industries, controlling for industry–CBSA and CBSA–year fixed effects ($\alpha_{i,c}$ and $\alpha_{c,t}$, respectively). Standard errors are clustered at the industry-CBSA level.

A potential concern with these analyses is that common owners may invest in local markets or firms with better growth prospects, or that experienced positive shocks unrelated to common ownership that attracted investment, leading to endogeneity. To

isolate plausibly exogenous shifts in common ownership within a local market, we use exposure to state-of-incorporation adoptions of COW statutes. COWs exempt investors and directors from litigation risk if they usurp a business opportunity in a way that conflicts with the firm's best interest.

This approach builds on that developed by Eldar and Grennan (2024), who examine venture common ownership at the national industry level, using firm-year as the unit of analysis. In the firm-year level of analysis, we mirror their empirical design and use as an instrument ($\tilde{Z}$) a venture's legal eligibility to adopt a COW, determined by the venture's state of incorporation and the timing of that state's law. The identifying assumption, as in Eldar and Grennan (2024), is that a venture's state of incorporation is orthogonal to its subsequent ownership links and performance. When we shift the unit of analysis to the industry–CBSA–year level,the instrument remains based on the staggered adoption of COWs at the state of incorporation level. However, we construct the exposure measure using incorporation shares for each industry-CBSA, and implement the following shift-share IV:

$$Z_{i,c,t} = \sum_{s} \omega_{i,c,t}^{(s)} \times COW_{s,t} \tag{5}$$

where $\omega_{i,c,t}^{(s)}$ is the share of firms in (i, c, t) incorporated in state s and $COW_{s,t}$ is a binary variable that equals one if state s has passed COWs in year t.

Relative to Eldar and Grennan (2024), the additional identifying assumption in our design is that the geographic distribution of venture capital investment across CBSAs within an industry is not systematically correlated with local market shocks. This assumption is plausible for two reasons. First, the geography of venture investment is shaped primarily by factors orthogonal to local labor conditions—such as the location of investors and the structure of existing syndication networks—rather than by anticipated wage or employment dynamics in a given CBSA. Second, by conditioning on industry–year fixed effects, we absorb unobservable time-invariant attributes of the focal local market.

A potential concern with our identification strategy is that unobserved state-level factors correlated with the adoption of Corporate Opportunity Waiver (COW) laws could simultaneously influence both the extent of common VC ownership and startup outcomes, thereby violating the exclusion restriction. We argue that these laws represent a plausibly exogenous source of variation in the costs of investing across similar startups.

Eldar and Grennan (2024) provide an extensive qualitative and quantitative analysis of the origins and implications of COW laws. They show that the primary motivation for

their adoption was to eliminate legal uncertainty surrounding fiduciary duties, rather than to respond to lobbying or broader economic trends. Their analyses further indicate that these laws had clusively the objective to shield investors and directors from liability when managing or investing in multiple firms with overlapping business opportunities. This makes them unlikely to affect our outcomes through channels different fom common owenrship. Moreover, they survey venture lawyers to analyze the extent to which state incorporation decisions are endogeneous. Specifically, while one may be concerned that high-growth ventures are more likely to incorporate in Delaware, Eldar and Grennan (2024) show that incorporation decisions are largely driven by the familiarity of legal counsel with Delaware law and not by differences in substantive provisions such as COW statutes.

5. The Effects of Common Ownership

5.1. Wages, employment, and turnover at commonly owned firms

We begin our analysis at the firm level. Specifically, we estimate equation (3) to examine how common ownership affects wages, employment, and worker turnover within firms. This specification allows us to capture how overlapping VC investors shape firm-level labor outcomes.

Table 2 shows that firms with shared investors employ substantially more workers, pay higher wages, and exhibit greater turnover relative to independent ones. These differences are economically large: commonly owned ventures employ roughly 48% more workers and pay wages about 26% higher, consistent with their larger scale and access to investor networks. The higher turnover among these firms—about 5.6 percentage points greater—suggests that common ownership may also facilitate the reallocation of workers across related firms, a possibility we examine by analyzing aggregate mobility patterns below. For job-to-job mobility, commonly ownened ventures have 17.5% more J2J, and 4.1% within same industry-CBSA J2J.

Although our specification includes firm fixed effects as well as industry–year and CBSA–year fixed effects—thereby absorbing time-invariant firm heterogeneity and common shocks at the industry and regional levels—we cannot fully rule out residual endogeneity. In particular, investors that specialize in certain business areas or have stronger networks in specific locations may be more likely to make multiple investments within the same industry–CBSA. Such investors could also improve their screening ability over time by learning from prior investments. If so, the higher employment, wages, or

TABLE 2. Common Ownership and Firm Llabor

	(1) Firm Employment	(2) Firm Wage	(3) Turnover Rate	(4) J2J	(5) Internal J2J
CommonVC	0.478***	0.260***	0.056***	0.175***	0.041***
	(0.033)	(0.053)	(0.004)	(0.011)	(0.007)
Observations	139,266	139,266	122,850	139,266	139,266
Adjusted R-squared	0.865	0.456	0.195	0.535	0.478
Firm FE	Yes	Yes	Yes	Yes	Yes
Industry-Year FE	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Notes: This table presents the OLS regression results of common VC ownership on firm-level employment, salary, turnover, and job-to-job mobility. All regressions include firms fixed effects, industry-year fixed effects, and CBSA-year fixed effects. Standard errors are clustered at industry-CBSA level.

turnover observed among commonly owned ventures could partly reflect time-varying unobserved venture quality—for instance, investors allocating capital to firms whose prospects improve for reasons unobserved to the econometrician—rather than the causal effect of common ownership.

To address these concerns, we exploit plausibly exogenous variation in common ownership arising from the staggered adoption of corporate opportunity waiver (COW) statutes across U.S. states between 2000 and 2016.[17] These laws authorize firms incorporated in adopting states to include charter provisions that release their directors and investors from liability when they appropriate a business opportunity that could otherwise be considered in the firm's best interest. Because venture capital investors typically hold board seats, these statutes reduce legal frictions associated with investing in multiple firms operating in similar business areas. Following Eldar and Grennan (2024), we use a venture's incorporation in a COW-adopting state as an instrument for its common-

[17] In appendix, we provide detail information on the staggered adoption of Corporate Opportunity Waivers across different states in Table B.1

TABLE 3. Common Ownership and Firm Labor: Corporate Opportunity Waivers as IV

	First Stage	Second Stage				
	(1) Common VC	(2) Firm Employment	(3) Firm Wage	(4) Turnover Rate	(5) J2J	(6) Internal J2J
$\tilde{Z}$	0.042***					
	(0.011)					
CommonVC		3.567***	4.064	0.267***	2.523***	1.069***
		(1.045)	(2.696)	(0.086)	(0.673)	(0.376)
Obs	139266	139266	139266	122850	139266	139266
KP Wald F	14.15					
R-square Adj	0.65					
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry-Year FE	Yes	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: This table presents the 2SLS regression results of common VC ownership on firm-level employment, salary, turnover, and job-to-job mobility, applying the passage of Corporate opportunity waivers as an instrumental variable. All regressions include firms fixed effects, industry-year fixed effects, and CBSA-year fixed effects. Standard errors are clustered at industry-CBSA level.

ownership status.

The instrumental-variable estimates reported in Table 3 confirm the positive effects of common ownership on firm-level labor outcomes. The magnitudes are larger than in the OLS specification. This pattern is consistent with a local average treatment effect concentrated among firms and investors most constrained by litigation risk prior to COW adoption—those for whom the reform meaningfully reduced the costs of holding overlapping board positions and coordinating across portfolio ventures.

Interpreting these magnitudes requires caution. The IV estimates do not imply that all common ownership leads to such large effects, but rather that the subset of investors whose behavior was directly affected by COW statutes (the "compliers") exhibit stronger coordination and scaling responses. In this sense, the IV captures the causal impact of common ownership where legal frictions were binding, while the OLS estimates reflect the average association across all investors. Taken together, both sets of estimates indicate that shared ownership links substantially reshape firm-level employment, wages, and

worker flows.

5.2. Local market outcomes

We begin estimating equation (4), which exploits within–CBSA-year variation in common ownership across industries. Table 4 summarizes the results. We find that, in contrast with our firm-level results, common ownership does not lead to significant changes in aggregate wages or employment at the local market level. While portfolio firms individually expand employment and pay higher wages, these effects appear to be largely offset by the reallocation of workers across ventures within the same market. This pattern suggests that common ownership primarily reshapes the composition of employment rather than its overall level.

At the same time, we find a robust and economically meaningful increase in local worker mobility. Markets with higher exposure to common ownership exhibit greater job-to-job flows across ventures, consistent with the idea that shared investors facilitate the matching of workers to firms within their portfolios. Quantitatively, a one–standard–deviation increase in the common ownership exposure index is associated with a 2.8% in the number of workers moving across firms in the same industry-CBSA. This number becomes even higher (5.5%) if we do not restrict attention to workers moving within the local market—and instead we count any worker starting a job at another firm in our sample within a year. These estimates are both statistically and economically significant. To see this, consider an industry-CBSA where about 56% of the ventures share a VC with another venture in the same local market. Column (5) implies that banning common ownership would have similar effects on worker mobility as starting to enforce non-compete agreements (Marx et al. 2009).[18] Equivalently, Column (5) shows that, on average, a local market where all ventures share a VC with other ventures in that same industry-CBSA exhibits 14.5% higher internal mobility than a similar local market with no common ownership.

The absence of wage or employment declines further suggests that, on average, the coordination effects of common ownership dominate any potential monopsony power effects. If overlapping investors were primarily colluding to suppress wages or limit outside options, we would expect to observe lower wage growth or employment in markets with greater common ownership exposure. Instead, wages remain stable or slightly higher, indicating that ownership links facilitate reallocation without depressing pay.

[18] This assumes symmetric effects of increases or decreases in common ownership in a local market.

TABLE 4. Common Ownership and Local Market Outcomes

Panel A: Baseline OLS

VARIABLES	(1) Total Employment	(2) Average Wage	(3) Worker Inflow	(4) Total J2J	(5) Internal J2J	(6) Worker Outflow
Common VC Share	0.184*	0.078	0.049	0.267***	0.136***	0.268***
	(0.108)	(0.068)	(0.099)	(0.055)	(0.033)	(0.100)
Observations	17,192	17,192	17,192	17,192	17,192	17,192
Adjusted R-squared	0.765	0.343	0.720	0.536	0.467	0.685
Industry-CBSA FE	Yes	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Notes: This table presents the OLS regression results of common VC ownership on local market (industry-CBSA) employment, salary, job creaction, job destruction, and job-to-job mobility. All regressions include industry-CBSA fixed effects and CBSA-year fixed effects. Standard errors are clustered at industry-CBSA level.

We next turn to the instrumental-variable specification, which uses the average share of firms incorporated in COW-adopting states within each industry–CBSA cell as an instrument for common ownership exposure. Table 5 reports the results. The IV estimates confirm that greater exposure to common ownership causally increases job-to-job mobility, while the effects on aggregate wages and employment remain statistically insignificant. The larger coefficients relative to OLS once again suggest that the impact is concentrated among markets and investors most affected by the relaxation of legal constraints.

Overall, the market-level results indicate that the increase in turnover observed at commonly owned firms does not reflect higher instability or worker churn, but rather a reallocation of talent within investor networks. Common ownership thus enhances local dynamism by facilitating within-portfolio job-to-job transitions without depressing aggregate labor market outcomes. These findings complement the firm-level evidence by showing that shared investors reshape local employment patterns in a way that is

TABLE 5. Common Ownership and Local Market Outcomes: Corporate Opportunity Waivers as IV

	First Stage	Second Stage					
	(1) Common VCShare	(2) Total Employment	(3) Average Wage	(4) Worker Inflow	(5) Total J2J	(6) Total Internal J2J	(7) Worker Outflow
Z	0.103***						
	(0.016)						
CommonVCShare		1.193	-1.001	1.523*	1.872***	0.672***	2.137**
		(1.020)	(1.444)	(0.898)	(0.403)	(0.201)	(0.931)
Obs	18905	18905	18905	18905	18905	18905	18905
KP Wald F	41.22						
R-square Adj	0.53						
Industry-CBSA FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: This table presents the 2SLS regression results of common VC ownership on local market (industry-CBSA) employment, salary, job creaction, job destruction, and job-to-job mobility, applying the passage of Corporate opportunity waivers as an instrumental variable. All regressions include industry-CBSA fixed effects and year fixed effects. Standard errors are clustered at industry-CBSA level.

consistent with the enhancement of matching efficiency rather than the exercise of labor market power.

5.3. Robustness checks

We are performing a series of robustness analyses to assess the stability of our results.

First, we restrict the sample to the post-2006 period to ensure that our findings are not driven by early years characterized by limited data coverage or differences in reporting standards.[19] The results remain similar, indicating that our estimates are not sensitive to the inclusion of early observations.[20]

Second, we will re-estimate the model using the full sample of VC-backed ventures, without conditioning on patenting activity (this will become the main analysis). Third, we adopt a finer industry classification to ensure that our results are not driven by overly broad sectoral aggregation.

[19] For post-2006 sample, we provide the regression results in appendix table B.2 and table B.3

[20] Additionally, we are also planning to fix the year and exploit only cross-sectional variation across industries and CBSAs.

Fourth, we consider a difference-in-differences specification using variation in the share of commonly owned ventures within a local market as the treatment variable. A challenge in our setting is that common ownership may evolve at different times across local markets and is not a one-time (absorbing) treatment. Specifically, exposure to common VC ownership can increase or decrease over time within an industry-CBSA. To address this, we explicitly account for the staggered, continuous, and non-absorbing nature of treatment by discretizing the distribution of common ownership into three levels and estimating a DiD specification using the approach proposed by De Chaisemartin and d'Haultfoeuille (2024), which accommodates staggered and continuous treatment intensity. Results again remain consistent with our baseline findings.[21]

Finally, we also plan to verify the robustness of our findings to different operational definitions of common ownership, such as a venture-pair sharing at least one *lead* VC investor rather than any investor, or computing the share of investors that are common across ventures, providing a continuous measure of overlap.

6. Within-Portfolio Employee Flows and Local Concentration

In this section, we investigate two mechanisms that help interpret the estimated effects of common ownership on wages, employment, and worker mobility. We first examine whether the increase in job-to-job transitions observed at commonly owned firms reflects reallocations of workers across ventures within the same investor portfolio. We then study how the concentration of high-growth ventures in local markets moderates the labor market effects of common ownership, shedding light on the balance between coordination synergies and market power effects.

Within-portfolio employee flows. A key question raised by the firm- and market-level evidence concerns the mechanism through which common ownership increases job-to-job mobility. In Section 2, we argue that overlapping investors may help relax matching frictions in the labor market, for instance by mitigating asymmetric information between workers and potential employers. Venture capital investors often possess detailed information about the skills and performance of employees within their portfolio companies. When multiple ventures share the same investor, this informational advantage can reduce uncertainty about prospective matches and facilitate the redeployment of workers to firms where their skills are more valuable. If this channel plays a role, then we should

[21] In the appendix, we also provide the event study figures.

expect worker transitions occurring across firms within the same investor portfolios to contribute to the observed increase in mobility. In such cases, the investor's knowledge of both the worker's capabilities and the hiring firm's needs can directly reduce search costs and accelerate the reallocation process.

To test this mechanism, we construct a dataset of venture pairs located in the same CBSA and estimate the likelihood that at least one worker moves between them in a given year as a function of whether the pair shares a common VC investor. Specifically, we use OLS to estimate the following regression:

$$
\begin{aligned}
1\{Mobility\}_{i,j,t} = \alpha_{i,j} \; + \; \alpha_t \; + \; \beta \cdot SharedVC_{i,j,t} \; + \\
+ \gamma \cdot (SharedVC_{i,j,t} \times SameIndustry_{i,j}) \; + \; \varepsilon_{i,j,t}
\end{aligned} \tag{6}
$$

where $1\{Mobility\}_{i,j,t}$ is a binary variable equal to one if at least one employee moves from i to j in year t; $SharedVC_{i,j,t}$ equals one if i and j share an investor at t, while $SameIndustry_{i,j}$ is one when i and j operate in the same industry. We also include dyad and year fixed effects, thereby absorbing yearly shocks as well as all persistent pair characteristics such as industry similarity, geographic proximity, or unobserved relational ties. Standard errors are clustered at the dyad level.

The results in Table 6 reveal that sharing a common investor substantially increases the probability of worker movement between two ventures. Column (1) shows that the likelihood of at least one transition between a pair of ventures in the same CBSA is 2.2 percentage points higher when the pair shares a common VC investor. As shown in Column (2), the effect is even larger (4.9 percentage points) when the ventures also operate in the same industry, where workforce overlap and complementarities between ventures tend to be more pronounced. These magnitudes are economically meaningful given the low baseline probability of direct job-to-job moves between venture pairs (0.3%).[22]

Our results indicate that a significant portion of the higher turnover observed at commonly owned firms is accounted for by within-portfolio reallocations of employees. This is consistent with a coordination mechanism through which investors facilitate the reallocation of talent across their portfolio and improve employer-employee matching.

Local high-growth ventures concentration. We next examine whether the labor market effects of common ownership depend on the structure of the local market, and in particular on the degree of concentration among ventures. In our framework, common

[22] Results are similar when we lag *SharedVC*, as shown in the last columns of Table 6.

TABLE 6. Common Ownership and Labor Mobility: Dyad-year Level

VARIABLES	(1) 1{Mobility}	(2) 1{Mobility}	(3) 1{Mobility}	(4) 1{Mobility}
Shared VC	0.022***	0.013***		
	(0.002)	(0.001)		
Shared VC×Same Industry		0.036***		
		(0.006)		
Lag Shared VC			0.023***	0.013***
			(0.002)	(0.001)
Lag Shared VC× Same Industry				0.037***
				(0.009)
Observations	22,846,696	22,846,696	19,185,498	19,185,498
Adjusted R-squared	0.225	0.225	0.243	0.243
Dyad FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Notes: This table presents the OLS regression results of common VC ownership on labor mobility at dyad-year level. All regressions include dyad fixed effects and year fixed effects. Standard errors are clustered at dyad level.

ownership can have two opposing effects. On the one hand, overlapping investors can facilitate coordination in talent allocation by reducing frictions and enabling more efficient reallocation of workers across ventures. On the other hand, common ownership may also prompt managers at portfolio firms to internalize the negative externalities that their hiring decisions impose on other commonly owned ventures. For instance, a manager may refrain from raising wages if doing so would trigger a competition for workers with another firm in their investor's portfolio. This internalization can reduce effective competition for workers and attenuate the benefits of coordination. Such behavior may arise through explicit or tacit collusion (e.g., informal "no-poach" norms) or simply through implicit alignment of incentives induced by managers' maximization of shareholders' value.

We conjecture that this mechanism is more likely to matter when there is a high degree of concentration. The intuition is that as concentration rises, a smaller number of firms account for a larger share of local employment, reducing competition for workers. In such markets, common ownership can further weaken competitive pressures by aligning

incentives across employers. Moreover, collusion typically becomes easier to sustain when the number of firms participating in the agreement is small and their interactions are repeated. By contrast, in more competitive and fragmented markets, where workers face a broader set of independent employers, these anti-competitive forces are less binding, so that the benefits from coordination synergies are more likely to prevail.

To test this hypothesis, we measure the degree of local employer concentration by computing the Herfindahl–Hirschman Index (HHI) based on firms' employment shares within each industry–CBSA. To mitigate concerns related to the fact that common ownership may drive changes in concentration, we compute the HHI in the year in which a local market exhibits any common ownership for the first time, or we average the HHI across the first five years a local market appears in our sample for local markets that never exhibit any common ownership. We then interact this measure with our indicator of local exposure to common ownership in Equation (4). This specification allows us to assess whether the relationship between common ownership and local labor market outcomes varies systematically with the level of concentration among employers. If reduced competition for workers is a relevant channel, we expect the positive effects of common ownership to weaken in local markets with higher HHI, and hence the coefficient on the interaction term between HHI and *CommonVCShare* to be negative and statistically significant.

The results in Table 7 support the view that the effects of common ownership depend critically on the underlying structure of the local market. As employer concentration in a local market raises, the positive effects of common ownership on mobility and employment are significantly smaller. That said, our estimates suggest that for the market power effect to dominate, local markets need to be highly concentrated. For example, evaluating magnitudes for internal job-to-job transitions, the implied marginal effect of common ownership remains positive across relevant concentration levels and would turn zero only at an HHI of about 8,700. At the DOJ–FTC benchmark for a highly concentrated market (HHI = 2,500), the estimated effect of common ownership on internal mobility remains positive. This means that even in markets classified as highly concentrated, ventures with overlapping VC investors continue to experience greater job-to-job transitions within investor portfolios.

One should, however, be cautious in interpreting this result. Because our sample includes only VC-backed ventures with at least one patent, the HHI we compute may not capture the full extent of employer concentration within a local market, potentially introducing measurement error. Nonetheless, this restriction helps focus the analysis

TABLE 7. Common Ownership and Local Market Concentration

VARIABLES	(1) Total Employment	(2) Average Wage	(3) Worker Inflow	(4) Total J2J	(5) Internal J2J	(6) Worker Outflow
Common VC Share × *PreHHI*	-1.387***	0.604	-1.601***	-0.410*	-0.331**	-0.909**
	(0.423)	(0.437)	(0.388)	(0.240)	(0.162)	(0.395)
Common VC Share	0.823***	-0.200	0.787***	0.456***	0.289***	0.687***
	(0.227)	(0.223)	(0.209)	(0.122)	(0.083)	(0.206)
Observations	17,192	17,192	17,192	17,192	17,192	17,192
Adjusted R-squared	0.766	0.344	0.722	0.536	0.469	0.685
Industry-CBSA FE	Yes	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: This table presents the OLS regression results of common VC ownership on labor mobility and local labor market concentration. Specifically, we apply HHI index to measure the local labor market concentration level. All regressions include Industry-CBSA fixed effects and CBSA-Year fixed effects. Standard errors are clustered at Industry-CBSA level.

on the segment of the labor market where talent competition is most intense. Moreover, if workers attracted to innovative, VC-backed ventures perceive them as distinct from larger incumbent employers, competition for these workers likely occurs primarily within this subset of firms (Bar-Isaac et al. 2025). In that case, our HHI measure remains an appropriate proxy for the relevant degree of concentration in the startup labor market, even if it omits non-VC or non-innovative employers.

Overall, these results highlight the risks associated with common ownership when it arises in already concentrated local markets, suggesting that its implications for labor market competition should be assessed on a case-by-case basis.

7. Conclusion

This paper provides new evidence on how common ownership shapes labor market outcomes, focusing on the venture capital sector—a setting where investors exercise active control over their portfolio firms. We show that common VC ownership significantly increases worker mobility within local markets, partly through within-portfolio job-to-job transitions. At the same time, we find no evidence of aggregate wage suppression

or employment losses. Instead, commonly owned firms expand employment and pay higher wages, while aggregate local market outcomes remain largely unchanged.

We interpret these findings through a simple framework in which common ownership generates two opposing forces. On one hand, coordination synergies relax matching frictions, improving labor allocation and increasing employment, mobility, and wages. On the other hand, ownership links can amplify monopsony power by reducing competition for workers. Our results indicate that, in the VC ecosystem, the coordination-synergy channel dominates on average. However, these positive effects weaken in already concentrated local markets, suggesting that the balance between efficiency gains and market power depends on the competitive structure of the local market.

Our results also carry important policy implications. Over the past few decades, many advanced economies have experienced a marked decline in business dynamism, characterized by reduced job-to-job mobility, slower job creation, and stagnant wage growth (Decker et al. 2016; Akcigit and Ates 2021). These trends have coincided with broader concerns about rising market power, contributing to increased attention by antitrust agencies to labor market issues. By concentrating control and incentives across firms in the same industry, common ownership creates networks that generate beneficial coordination opportunities but may also mimic some of the effects traditionally associated with greater market concentration. Our findings highlight how, in a sector widely recognized as the engine of economic dynamism (Decker et al. 2014; Haltiwanger 2015), common ownership can enhance the diffusion of skills and knowledge that underlie innovation and firm growth by facilitating the reallocation of workers across related ventures.

Quantifying the welfare consequences of ownership-induced mobility and exploring how similar mechanisms operate beyond venture-backed firms are natural directions for future research. More broadly, understanding when common ownership enhances efficiency versus when it constrains competition remains essential to evaluating its role in shaping labor market outcomes and, ultimately, economic dynamism.

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ONLINE APPENDICES

Appendix A. Data Merge and Details on Sample Construction

TABLE A.1. Pitchbook and VenturExpert Industry Crosswalk

Pitchbook Industry	VenturExpert Industry
Agriculture	Agricultural, Forestry
Chemicals and Gases	Chemicals and Materials
Commercial Products	Scientific Instrumentation
Commercial Products	Industrial Products, Other
Commercial Products	Manufacturing
Commercial Products	Industrial Automation
Commercial Products	Laser Related
Commercial Products	Electronics Equipment
Commercial Products	Industrial Equipment
Commercial Services	Business Services
Commercial Services	Industrial Services
Communications and Networking	Telephone Rel.
Communications and Networking	Data Comm.
Communications and Networking	Satellite Comm
Communications and Networking	Fiber Optics
Communications and Networking	Wireless Communications
Communications and Networking	Internet Communications
Communications and Networking	Facsimile Trans
Communications and Networking	Internet Services
Communications and Networking	Comm. Other
Communications and Networking	Commer. Comm.
Computer Hardware	Computers Hardware
Computer Hardware	Computer Peripherals
Construction (Non-Wood)	Construction
Consumer Non-Durables	Food and Beverage

Continued on next page

TABLE A.1 – *Continued from previous page*

Pitchbook Industry	VenturExpert Industry
Energy Equipment	Power Supplies
Energy Equipment	Batteries
Energy Services	Energy, Conservation
Energy Services	Energy, Enhanced Recovery
Exploration, Production and Refining	Oil & Gas Exploration
Healthcare Devices and Supplies	Biotech Equipment
Healthcare Devices and Supplies	Medical Diagnostics
Healthcare Devices and Supplies	Biosensors
Healthcare Devices and Supplies	Med/Health Products
Healthcare Services	Med/Health Services
IT Services	Internet Programming
IT Services	Computer Services
IT Services	Computer Programming
IT Services	Turnkey Integrated Systems and Solutions
Media	Internet Content
Other Business Products and Services	Other
Other Consumer Products and Services	Consumer Services
Other Consumer Products and Services	Consumer, Other
Other Consumer Products and Services	Consumer Products
Other Energy	Energy, Alternative
Other Energy	Energy, Coal
Other Energy	Energy, Other
Other Financial Services	Financial Services
Other Information Technology	Computer Other
Other Information Technology	Electronics, Other
Other Materials	Pollution and Recycling
Pharmaceuticals and Biotechnology	Biotech-Industrial
Pharmaceuticals and Biotechnology	Biotech Research
Pharmaceuticals and Biotechnology	Biotech Other

Continued on next page

TABLE A.1 – *Continued from previous page*

Pitchbook Industry	VenturExpert Industry
Pharmaceuticals and Biotechnology	Pharmaceutical
Pharmaceuticals and Biotechnology	Biotech-Animal
Pharmaceuticals and Biotechnology	Biotech-Human
Pharmaceuticals and Biotechnology	Medical Therapeutics
Restaurants, Hotels and Leisure	Entertainment and Leisure
Retail	Retailing Related
Retail	Internet Ecommerce
Semiconductors	Semiconductors/Other Electronics
Semiconductors	Optoelectronics
Software	Internet Software
Software	E-Commerce Technology
Software	Computer Software
Software	Digital Imaging and Computer Graphics
Transportation	Transportation
Utilities	Utilities

Appendix B. Additional figures and tables

TABLE B.1. Summary of Corporate Opportunity Waiver Timeline

State incorp	Effective Date	By Charter	By bylaws	By Board action	Covers directors	Covers Shareholders
DE	7/1/2000	Yes	Possible	Yes	Yes	Yes
OK	11/1/2001	Yes	Possible	Yes	Yes	Yes
MO	10/1/2003	Yes	Possible	Yes	Yes	Yes
KS	1/1/2005	Yes	Possible	Yes	Yes	Yes
TX	1/1/2006	Yes	Possible	Yes	Yes	Yes
NV	10/1/2007	Yes	Possible	Yes	Yes	Yes
NJ	3/11/2011	Yes	Possible	Yes	Yes	Yes
MD	10/1/2014	Yes	Possible	Yes	Yes	No
WA	1/1/2016	Yes	No	No	Yes	Yes

Note: This table provides the summary information of the states that amended their corporate laws explicitly to allow COWs (Source: Rauterberg and Talley (2017)).

TABLE B.2. Common Ownership and Labor Market: Post 2006

	(1) Total Employment	(2) Average Wage	(3) Turnover	(4) Total J2J	(5) Internal J2J
Common VC Dummy	0.475***	0.232***	0.042***	0.148***	0.027***
	(0.036)	(0.044)	(0.004)	(0.012)	(0.008)
Observations	92,528	92,528	82,381	92,528	92,528
Adjusted R-squared	0.881	0.443	0.193	0.595	0.558
Firm FE	Yes	Yes	Yes	Yes	Yes
Industry-Year FE	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

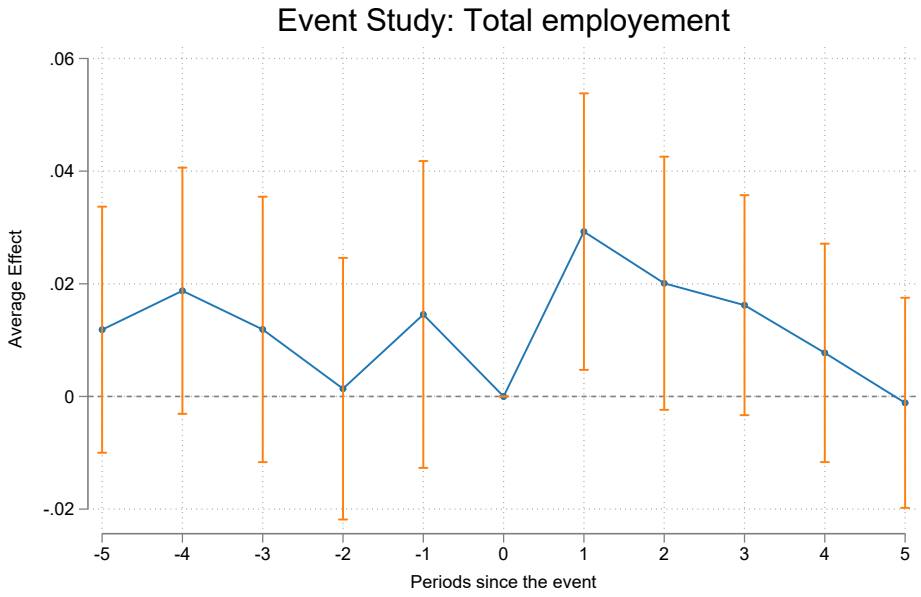
Notes: This table presents the OLS regression results of common VC ownership on firm-level employment, salary, job creaction, job destruction, and job-to-job mobility. All regressions in panel A include industry-CBSA fixed effects and CBSA-year fixed effects. All regressions in panel B include industry-CBSA fixed effects, industry-year fixed effects, and CBSA-year fixed effects. Standard errors are clustered at industry-CBSA level.

TABLE B.3. Common Ownership and Local Labor Market: Post 2006

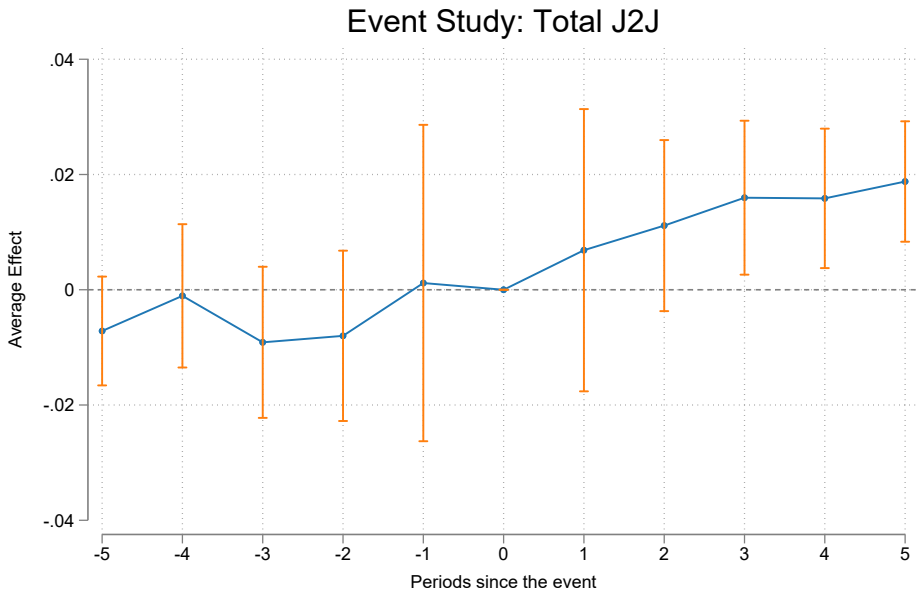
VARIABLES	(1) Total Employment	(2) Average Wage	(3) Worker Inflow	(4) Total J2J	(5) Internal J2J	(6) Worker Outflow
Common VC Share	0.349***	0.025	0.188*	0.265***	0.061**	0.382***
	(0.102)	(0.041)	(0.099)	(0.060)	(0.027)	(0.108)
Observations	10,013	10,013	10,013	10,013	10,013	10,013
Adjusted R-squared	0.805	0.478	0.759	0.605	0.601	0.671
Industry-CBSA FE	Yes	Yes	Yes	Yes	Yes	Yes
CBSA-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

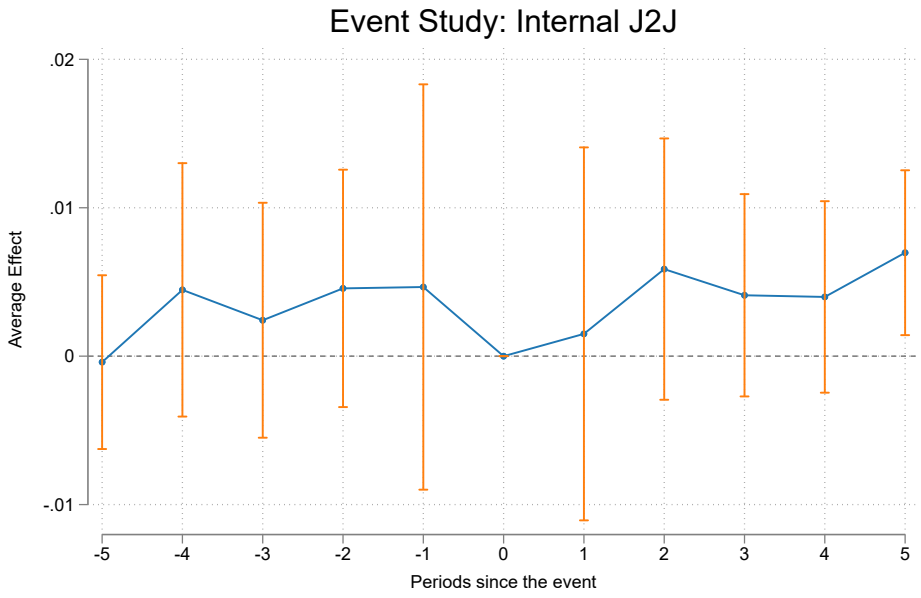
Notes: This table presents the OLS regression results of common VC ownership on local market (industry-CBSA) employment, salary, job creaction, job destruction, and job-to-job mobility. All regressions in panel A include industry-CBSA fixed effects and CBSA-year fixed effects. All regressions in panel B include industry-CBSA fixed effects, and CBSA-year fixed effects. Standard errors are clustered at industry-CBSA level.



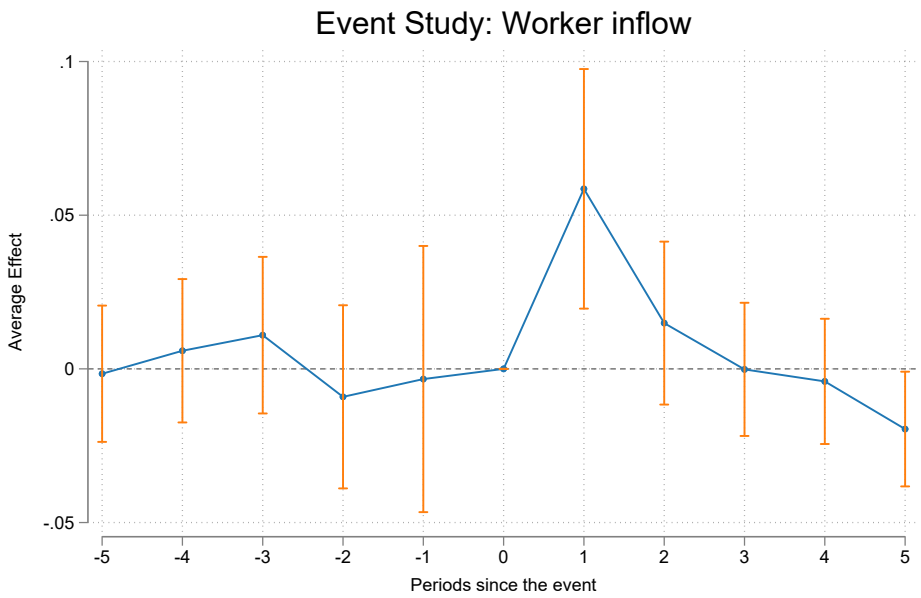
Notes: This figure shows the event study of common VC ownership on total employment.



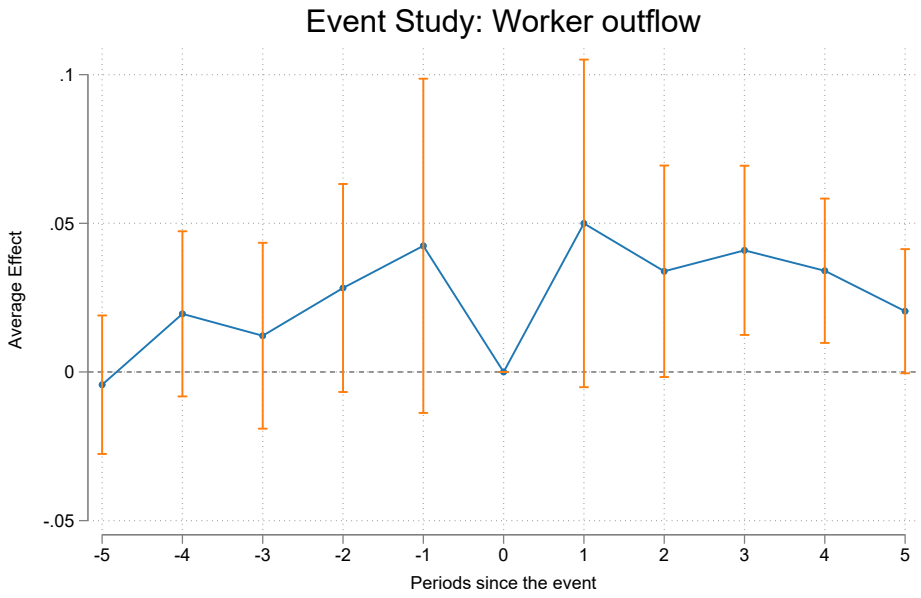
Notes: This figure shows the event study of common VC ownership on job-to-job mobility.



Notes: This figure shows the event study of common VC ownership on job-to-job mobility within CBSA and industry.



Notes: This figure shows the event study of common VC ownership on job creation.



Notes: This figure shows the event study of common VC ownership on job destruction.