

Does Control Still Matter?

Controlling Minority Shareholders and Firm Value in a Modern Governance Setting

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Abstract:

Controlling minority shareholders (CMS) hold controlling shares of publicly traded firms' votes, while retaining only a minority share of cash flow rights, creating a wedge between control and economic rights that may create agency conflicts. In this paper, we revisit the relationship between ownership structure and firm value in Sweden, given the evolving corporate landscape of recent decades. Using a panel of Swedish listed firms with firm and time fixed effects, we find that the results are sensitive to both the inclusion of ownership identity and the choice of specification. When ownership identity is ignored, the wedge between voting and cash flow rights is positively associated with firm value. Once owner type is accounted for, however, this effect disappears and voting ownership becomes negatively associated with Tobin's q, consistent with entrenchment arguments in the prior literature. Notably, this negative effect appears to be mitigated for founder-family controlled firms, suggesting that investor perceptions of concentrated control vary meaningfully across owner types. A lifecycle analysis finds limited evidence that the relationship between ownership structure and firm value evolves systematically as firms mature, with apparent age effects largely driven by time variation rather than true within-firm dynamics. Combined, the findings reveal a potential shift in investor perceptions concerning control structures and highlight that the valuation consequences of controlling ownership depend critically on who holds control.

Keywords:

Controlling minority shareholders, Corporate governance, Ownership structure, Firm value, Tobin's q, Dual-class shares

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1 Introduction

Controlling minority shareholders (CMS) are owners of public firms who retain control of a firm's votes while holding only a minority of the cash flow rights. In Sweden, this wedge arises primarily through dual-class share structures. Such ownership structures create a divergence between control and economic incentives, potentially leading to agency problems. Using Tobin's q , defined as the ratio of market valuation to book value of assets, as a proxy for firm value, Cronqvist and Nilsson (2003) find that while the wedge between voting rights and cash flow rights has no significant impact on firm value, increasing control affects firm value negatively. This relationship is especially negative for family-owned firms. Since their paper, however, corporate governance has evolved considerably, with enhanced institutional monitoring, introduction of strong regulatory frameworks and an increased acceptance of dual-class structures. Given these changes, we believe that it is of interest to examine whether the relationship between control and firm value documented in earlier periods persists in a modern setting.

This paper revisits the relationship between controlling ownership and firm value using publicly traded Swedish firms over the period 2001-2025. Using panel data and firm fixed effects, we show that the negative relationship between voting ownership and firm value is not robust within firms. Instead, increases in the wedge between control and cash flow rights are positively associated with firm value. However, once we consider heterogeneity in ownership identity, voting ownership becomes an important determinant of firm value, with a negative effect for non-founder family-owned firms that is mitigated in firms controlled by the founding family. These findings suggest that the valuation effects of control depend on the inclusion of fixed effects and ownership identity. Consequently, the structure of control and the holder of control are key in understanding the impact on firm value. The results build on established theoretical arguments regarding controlling minority shareholders. Cronqvist and Nilsson argue that by using dual-class structures and other corporate control instruments, controlling minority shareholders can entrench themselves against corporate governance pressure, which creates a trade-off between value-creating activities and the extraction of private benefits. Because controlling minority shareholders are exposed to only a minority of the consequences of value-destroying actions while receiving all the private benefits, the risk of agency problems is significant.

Previous literature on the relationship between ownership structure and firm value has provided mixed results. Morck, Shleifer and Vishny (1988), examining a sample of U.S. firms, find that Tobin's q first increases, then decreases as managerial ownership increases. Meanwhile, Himmelberg, Hubbard and Palia (1999) show that this relationship disappears once firm fixed effects are included, highlighting unobserved heterogeneity. Focusing on control structures, Claessens et al. (2002) find that, for the largest shareholder, higher control concentration and deviations between control and cash flow rights are negatively related to market value. This relationship is especially notable for family spheres. This result is partially supported by Cronqvist and Nilsson (2003), who document a negative association between controlling ownership and firm value.

Much of the existing literature, however, focuses on earlier periods, raising questions about whether these relationships hold in a more recent setting. Over the past decades, corporate governance environments have evolved substantially. Notable changes include increased institutional and foreign ownership, shifts in investor perceptions, as well as regulatory changes strengthening reporting requirements and board independence, thereby increasing minority shareholder protection (Corporate Governance Code of 2005; Swedish Companies Act in 2006). At the same time, ownership structures have evolved, with increased ownership by institutional and foreign investors as well as changes in dominant shareholder spheres (Peev and Gugler, 2023). Further, the evolving nature of corporate governance has been documented extensively. First, corporate governance structures depend on regulatory environments (La Porta et al., 1998), implying that the effects of ownership structures may differ across different institutional settings. Second, corporate governance is also dependent on culture and norms, which may evolve and impact the consequences of ownership structure on firm value (Dyck and Zingales, 2004; Stulz and Williamson, 2003). Moreover, Braggion and Giannetti (2019) conclude that investor demand may lead firms to abandon dual-class shares, lending additional support to the changing nature of corporate governance structure and its relationship to external demand. Collectively, these developments suggest that the valuation effects of control structures may have changed over time.

In light of these developments, it is important to reassess the relationship between controlling ownership and firm value in a more recent setting. Building on the research of Cronqvist and Nilsson (2003), this paper analyses a panel of 348 firms listed on the Stockholm Stock Exchange over the period 2001-2025, comprising 4,701 firm-year observations. Due to data

limitations, the sample includes only currently listed firms. The results provide a reassessment of the relationship between controlling ownership and firm value in a modern institutional environment. The results differ from those documented by Cronqvist and Nilsson, reflecting a possible shift in the effects of controlling ownership on market valuation. It is important to note, however, that the results are sensitive to identification and ownership classification, with different results depending on whether fixed effects are included and on ownership heterogeneity. Moreover, the sample used only includes currently listed firms, introducing survivorship bias that impacts the interpretation of the results. In addition, recent theoretical work argues that the consequences of ownership structures may change over the firm lifecycle, for instance, as firms mature following their IPO (Bebchuk and Kastiel, 2017). Motivated by this, the analysis also explores whether the relationship between ownership and firm value varies with time since IPO, however, we find no significant relationship.

This paper contributes to the literature in four ways. First, it reassesses the relationship between controlling ownership and firm value. Second, it emphasises the significance of control structures by showing that changes in excess voting rights are positively associated with firm value. Third, it demonstrates that the ownership effects depend on the identity of the controlling owner, with founder-family firms exhibiting different valuations than other companies. Fourth, it concludes that, after controlling for fixed effects, the impact of controlling ownership does not systematically change over the firm lifecycle.

The rest of the paper is organised as follows. Section 2 presents the hypotheses regarding ownership structure and agency costs. Section 3 includes a brief overview of the sample and a thorough introduction to the methodology used. Further, Section 4 presents the results, and Section 5 discusses them. Finally, Section 6 provides concluding remarks.

2 Hypotheses

2.1 Voting ownership and firm value

Higher voting ownership by controlling shareholders is associated with lower firm value. Controlling minority shareholder structures can give rise to agency conflicts, as controlling owners may pursue private benefits at the expense of firm value as they are unable to differentiate between their economic preferences and those of other owners (Bebchuk, 1999;

Bebchuk et al., 2000; Shleifer and Vishny, 1997). Aligned with this dynamic, previous empirical evidence suggests that higher levels of voting control are negatively associated with firm valuation (Cronqvist and Nilsson, 2003). On the other hand, consolidated ownership may improve monitoring and reduce managerial agency problems (Shleifer and Vishny, 1986). In the presence of controlling minority shareholders, the mismatch between control and cash-flow rights is expected to cause a negative relationship between voting ownership and firm value.

2.2 Separation of ownership and control

A greater separation between voting and cash flow rights is associated with lower firm value. Separation between control rights and cash-flow rights creates a misalignment of incentives, as controlling shareholders are exposed to only a fraction of the economic consequences of their decisions. This can increase incentives for private benefit extraction and exacerbate agency problems (Bebchuk, 1999). In support of this reasoning, Claessens et al. (2002), examining the East Asian market in the 1990s, show that deviations between control and cash-flow rights are negatively associated with firm valuation. Gompers et al. (2010) find that firm value decreases with insider voting ownership, however, it increases with cash flow rights and the strongest results are documented among firms where the controlling owner holds a majority of the voting rights but a minority of the cash flow rights. Additionally, Masulis et al. (2009) find that a larger wedge between insider voting and cash-flow rights relates to more value-eroding acquisitions, lower returns on capital expenditures and higher CEO compensation, supporting the perspective of agency-related value extraction. These results further support the misalignment of incentives. While some studies find no significant effect of the control wedge (Cronqvist and Nilsson, 2003) and more recent literature introduces potential benefits of dual-class structures (Jordan et al., 2016; Baran et al., 2019; Dimitrov and Jain, 2006), the misalignment of incentives implies that a greater separation is expected to reduce firm value.

2.3 Owner identity and firm value

The relationship between control and firm value depends on the identity of the owner.

The effects of controlling minority ownership may vary depending on the type of shareholder, as different owners face different incentives and monitoring opportunities. Large shareholders can play an important monitoring role, improving firm performance by reducing managerial agency problems (Shleifer and Vishny, 1986). Family owners may have stronger incentives to monitor management and adopt a long-term perspective (Anderson and Reeb, 2003). At the

same time, family control may increase the risk of entrenchment, particularly when control is not aligned with cash-flow rights. Supporting the latter reasoning, Cronqvist and Nilsson (2003) find that the negative relationship between controlling ownership and firm value is particularly pronounced in family-controlled firms. In contrast, Anderson and Reeb (2003) show that family firms in the U.S. demonstrate greater firm value, especially when founders remain actively involved, suggesting improved monitoring and alignment. Additionally, Villalonga and Amit (2006) document that the effect of family ownership depends on governance structure, with both value-enhancing and value-destroying outcomes observed. Given conflicting evidence in previous studies, we predict that the relationship between controlling ownership and firm value differs across owner types. This hypothesis is further motivated by the changing governance landscape. Dual-class share structures have become increasingly common internationally, and investor perceptions of consolidated control have shifted, particularly in the context of founder-led firms, where voting to cash flow wedges may be viewed as strategically advantageous, especially in early stages (Bebchuk and Kastiel, 2017).

2.4 Firm lifecycle and the effects of control

The effect of control on firm value becomes increasingly negative throughout the firm's lifecycle.

In a 2017 paper, Bebchuk and Kastiel argue that the advantages of dual-class structures diminish over time, while their related costs tend to increase, as factors such as superior leadership, long-term orientation and effective monitoring are likely to erode. Lehn, Netter and Poulsen (1990) suggest that early in the firm's post-IPO lifecycle, controlling shareholders invest significant human capital in the company to ensure its success. Protecting these shareholders from external pressure can consequently be an efficient strategy. Supporting this, Cremers, Lauterbach and Pajuste (2018) find that while dual-class firms have higher valuations than single-class firms around the IPO, this premium disappears over time. Given these findings, we predict that the negative effects of control are stronger in more mature firms, increasing over time.

3 Data and Methodology

This section outlines the data gathering process and the regression specifications used. We place particular emphasis on the treatment of endogeneity and unobserved heterogeneity, two

concerns central to identifying a credible relationship between ownership structure and firm value. We also discuss the limitations of the available data and the steps taken to minimise their impact on the validity of our estimates. We further address these through robustness checks where appropriate.

3.1 Sample Construction

The dataset combines ownership and financial data for firms listed on the Stockholm Stock Exchange as of February 1, 2026, observed annually over the period 2001-2025. The final sample is an unbalanced panel containing 4,701 firm-year observations among 348 unique firms. Sweden offers a particularly good setting to study the effects of controlling minority shareholders on firm value. Compared to other developed financial markets, Sweden has a large number of listed firms that employ dual-class share structures, and its long-established financial market provides a dataset with substantial variation across firms and over time.

We collect the ownership data from Holdings, a platform that provides detailed firm information on shareholder structure, including voting rights, cash-flow rights, owner identity, share classes and industry classification. We retrieve the financial information from S&P Capital IQ. It includes the accounting and market variables we use to construct the dependent and control variables in the empirical analysis.

Using standard practice in corporate governance literature (Cronqvist and Nilsson, 2003), we exclude financial institutions, including banks and insurance companies, because of their differing regulatory environments and financial reporting standards, making them incomparable to non-financial firms (see Appendix, Table 8). Further, we filter the sample by removing firm-year observations with incomplete data and those showing irregularities in voting or cash-flow rights (see Appendix, Table 9).

3.2 Variable Definitions

3.2.1 Dependent Variable

Firm value is measured using Tobin's q , defined as the ratio between Enterprise Value (Market Cap + Debt) and Book Value of Assets. This follows the approximation of Chung and Pruitt (1994) and is consistent with its use in the controlling minority shareholder literature

(Cronqvist and Nilsson, 2003). Tobin's q is well-suited for capturing agency costs. It compares the market's valuation of the firm with the total resources invested in it. If controlling owners extract private benefits through self-dealing, value-destroying acquisitions or related-party transactions, outside investors will anticipate that part of the firm's cash flows will be redirected and discount the stock accordingly. The numerator then falls, the denominator is unchanged, and Q declines. The measure is therefore forward-looking, capturing expected agency costs that are rarely visible in accounting data (Claessens et al., 2002).

3.2.2 Independent Variables

The empirical analysis focuses on three independent variables capturing different dimensions of controlling ownership and firm development. Voting ownership is defined as the proportion of voting rights held by the controlling shareholder and captures the degree of control exerted over corporate decisions. Excess voting rights are defined as the votes to capital ratio minus one. A higher value indicates a greater wedge between control and economic incentives, which is central to theories of private-benefit extraction and entrenchment (Bebchuk, 1999; Claessens et al., 2002). For firms without a controlling shareholder, both ownership variables are set to zero, maintaining consistent comparisons between firms with and without concentrated ownership structures.

Lastly, firm age is measured as the number of years since the firm's initial public offering (IPO). The IPO dates are obtained from a mix of database sources and manual review using company websites, annual reports and other publicly available sources. Firms are grouped into four lifecycle categories based on the number of years since IPO: 0–5, 6–10, 11–20 and 20+ years. The categories are designed to reflect broad differences in growth opportunities, risk profiles and governance dynamics, while ensuring a reasonable distribution of observations among groups. An overview of the distribution across the four categories is provided in Table 1.

Table 1: Distribution of IPO Age Buckets

IPO Age Bucket	Count	Percentage of Sample (%)
0-5	1,175	25.0%
6-10	914	19.4%
11-20	1,255	26.7%
20+	1,357	28.9%

Each firm-year observation is split into one of four buckets depending on time since IPO: “IPO age 0-5”, “IPO age 6-10”, “IPO age 11-20”, “IPO age 20+”.

3.2.3 Control Variables

To account for observable firm characteristics that may influence valuation, the analysis includes a standard set of control variables used in the corporate governance literature (Cronqvist and Nilsson, 2003; Claessens et al., 2002). The variables are listed in Table 2 and capture differences in firm size, capital structure, profitability, operating efficiency, investment activity and asset composition, all of which have been shown to influence firm value and may correlate with ownership structure. A squared term for firm size is additionally included to allow for a non-linear relationship between size and valuation.

Table 2: Control Variable Definition

Variable	Definition
Log(Assets)	Natural logarithm of total assets
Log(Assets) ²	Square of the natural logarithm of total assets
Leverage	Total debt divided by total assets
ROA	EBITDA divided by total assets
Sales / Assets	Total sales divided by total assets
CAPEX / Assets	Capital expenditures divided by total assets
PPE / Assets	Property, plant and equipment divided by total assets

Definitions of the firm-level control variables included in the regression

3.3 Definition of Controlling Minority Shareholders

A firm is defined as having a controlling minority shareholder (CMS) if a single owner, or a group of owners belonging to the same ownership sphere, holds at least 25 percent of the voting

rights. This hurdle follows previous literature (Cronqvist and Nilsson, 2003) and is a level of ownership commonly considered enough to exert effective control over a corporation in the Swedish institutional setting.

Ownership spheres are Holdings' own classification that groups related owners based on economic ties, such as family relationships, crossholdings and coordinated control structures. This gives us more accurate identification of actual control, especially in situations where ownership is distributed across multiple but related entities.

3.4 Definition of Owner Types

Shareholders are classified into four mutually exclusive categories (Table 3).

Table 3: Definition of Owner Types

Owner type	Definition
Founder-family	Owners are individuals or spheres whose controlling stake can be linked back to the firm's founding.
Non-founder family	Owners are individuals or spheres who have a controlling interest in the firm without any clear link to its founding
Financial institution	Owners whose core business is managing capital, including banks, insurance companies, and pension funds.
Corporation	Non-financial firms that hold a controlling interest in another firm, generally for strategic purposes such as securing supply, distribution, or market access

Definitions of the four mutually exclusive owner types used in this paper.

The classification into each category is done in a two-step process that combines automated and manual methods. First, owners are grouped into broad categories based on keyword matching of owners' names, sourced from Holdings (see Appendix, Table 10). Second, within the family categories, a distinction is drawn between founder-family and non-founder family owners based on whether the controlling owner is directly linked to the founding of the firm. This step involves manual labelling using company websites, annual reports and other publicly available sources. The categorisation allows the analysis to test if the relationship between

controlling ownership and firm value differs systematically across owner types, as hypothesised in Section 2.

Table 4: Distribution of Owner Types

Owner type	Percentage of sample (%)
Non-founder family	35.7%
Founder-family	31.4%
Financial institution	19.6%
Corporation	13.3%

Shareholders are classified into four mutually exclusive categories, (see Table 3) for definitions.

3.5 Methodology

A potential concern when analysing the relationship between ownership structure and firm value is endogeneity, particularly reverse causality, where changes in firm value may impact ownership structure. For instance, an increase in firm value may lead companies to issue equity, changing the distribution of voting and cash-flow rights. Cronqvist and Nilsson (2003) highlight this concern, especially in a U.S. context, but argue that it is less severe in the Swedish institutional setting, where ownership is typically not driven by equity-based compensation. However, this assumption may be less valid in a more recent sample. Over the past decades, the Swedish corporate governance landscape has evolved considerably, with more active capital markets, increased participation of institutional and foreign investors and a greater prevalence of stock-based compensation. These developments suggest a greater risk of firm performance affecting ownership structure and thereby increasing the potential for endogeneity issues.

The introduction of share buybacks in the Swedish market adds to the reverse causality concern. When a firm performs well, and Tobin's q rises, management may choose to return cash through repurchases, which mechanically increases the controlling shareholder's relative stake, even if they made no active decision to do so. In the data, this looks like firm value driving ownership concentration, rather than the other way around. The relationship is not straightforward, however, since firms also tend to buy back shares when management believes

the stock is undervalued, meaning buybacks can occur when Tobin's q is low. This creates a feedback loop running in either direction depending on the firm's motivation, making it difficult to separate cause and effect. This is a modern concern, as share buybacks were prohibited under Swedish law until 2000 and have grown increasingly common since. Cronqvist and Nilsson's (2003) argument that reverse causality is limited was therefore made in a context where this issue barely existed, making it harder to maintain that assumption in a contemporary setting.

Beyond reverse causality, omitted variable bias may arise if unobserved firm characteristics influence both ownership structure and firm value in parallel. For example, unobserved factors such as managerial ability and firm culture may simultaneously influence both ownership structure and firm value. Unless explicitly accounted for, this results in biased estimates. To mitigate these concerns, we add fixed effects to the regression, including firm fixed effects, which control for time-invariant unobserved heterogeneity and time fixed effects, which represent common shocks across firms. In addition, firm-specific, observable characteristics, including firm size and leverage, are included. This approach allows us to focus on within-firm variation over time, reducing the likelihood that the identified relationships are driven by cross-sectional differences. It is important to acknowledge, however, that fixed effects do not fully resolve the endogeneity problem. Omitted variables remain a concern, and simultaneity is not eliminated simply by controlling for firm and year effects. Ideally, an instrumental variables approach would be used, utilising instruments that predict ownership structure but have no independent effect on firm value. However, finding instruments that credibly satisfy the exclusion restriction in this setting is difficult. In the absence of valid instruments, the fixed effects model represents the most defensible approach, and the results should hence be interpreted with some caution. A natural concern when relying on firm fixed effects is whether the ownership variables exhibit sufficient within-firm variation to identify the coefficients of interest. A decomposition of the variance shows that 14.2% of the total variation in voting share and 19.1% of the variation in excess votes occurs within firms over time, with the remainder reflecting between-firm differences (see Appendix, Table 15). While most variation is cross-sectional, the within-firm component is non-trivial. Of the 344 firms used in the sample, 71.8% experience some change in the controlling shareholder's voting share over the observation period, and 62.5% experience a change exceeding one percentage point. The corresponding figures for excess votes are 38.7% and 33.4%, reflecting the relative stickiness of dual-class structures. As a further check, we re-estimate the baseline fixed-effects specification (Table 5, column 3) restricting the sample to changers only. The coefficient on excess votes remains

positive and significant at the 5% level and the coefficient on voting share remains negative and statistically insignificant, suggesting that the main results are not driven by the inclusion of firms with little or no within-firm variation (see Appendix, Table 16). Combined, these results support the use of a fixed effects specification. Finally, since observations, and thus errors, within firms are not independent over time, we use clustered standard errors. This allows for correlation between error terms within firms, however, it assumes independence across firms.

We carry out empirical analysis using the following regression model:

$$(1) \quad q_{it} = \beta_0 + O'_{it}\beta_1 + C'_{it}\beta_2 + Y'_t\beta_3 + e_{it}$$

$$i = 1, \dots, N, \quad t = 1, \dots, T_i$$

$$e_{it} = u_i + v_{it}$$

q_{it} is the dependent variable, β_0 is an intercept term, O_{it} is a vector of ownership variables, C_{it} is a vector of control variables and Y_{it} is a vector of year dummies. Additionally, e_{it} is an error term containing u_i which captures unobserved firm heterogeneity and v_{it} which represents white noise.

For the second part of our analysis, we classify the observations into four categories of ownership and interact the owner type with our ownership variables. A potential limitation of this approach is that dividing the sample into smaller buckets increases the standard errors and reduces the statistical power of our estimates. This is especially important to note, considering the sample is unbalanced with regard to owner categories, where family ownership constitutes more than 65% of our entire sample. Despite these limitations, this approach allows us to explicitly examine whether the relationship between ownership structure and firm value differs across owner types, which is central to our third hypothesis. Rather than estimating separate regressions by owner type as in Cronqvist and Nilsson (2003), we employ interaction terms in a pooled specification, which preserves statistical power, ensures consistent identification across groups and allows direct hypothesis testing of whether ownership effects differ across owner categories. We therefore estimate the following specification:

$$(2) \quad q_{it} = \beta_0 + O'_{it}\beta_1 + C'_{it}\beta_2 + Y'_t\beta_3 + (I_{it} * O'_{it})\beta_4 + e_{it}$$

$$i = 1, \dots, N, \quad t = 1, \dots, T_i$$

$$e_{it} = u_i + v_{it}$$

Regression (2) includes I_{it} which represents owner type, including Founder-family, Non-founder family and Financial institution. Corporation is the baseline.

For the final part of our analysis, we look at the interaction between firm age and ownership structure and its impact on firm value. Firms are grouped into age categories based on time since IPO. Prior literature suggests that firm characteristics evolve over time, with younger firms typically demonstrating higher growth and uncertainty and older firms being more mature and stable (Loderer and Waelchli, 2010). The chosen buckets are therefore designed to both capture these broad lifecycle stages and ensure a balanced distribution of observations across categories. The following regression is used:

$$(3) \quad q_{it} = \beta_0 + V'_{it}\beta_1 + C'_{it}\beta_2 + Y'_t\beta_3 + (Z_{it} * V'_{it})\beta_4 + e_{it}$$

$$i = 1, \dots, N, \quad t = 1, \dots, T_i$$

$$e_{it} = u_i + v_{it}$$

Regression (3) includes Z_{it} which contains time since IPO buckets and V_{it} which represents voting ownership. For further explanation of the variables, see above.

4 Empirical results

The empirical results are presented across three tables. Columns (1)–(3) of Table 5 estimate Equation (1), progressively introducing controls and fixed effects. Column (4) estimates a reduced control specification as a robustness check, and column (5) estimates Equation (2), extending the analysis to account for owner type heterogeneity. Table 6 estimates Equation (2) with ROA as the dependent variable to examine whether ownership structure affects operating performance. Table 7 estimates Equation (3), exploring the interaction between voting ownership and firm lifecycle stage.

4.1 Ownership and Firm Value: OLS and Fixed Effects

Tobin's q , our measure of firm valuation, is regressed on the two ownership variables: Excess votes and Voting share. In a simple OLS specification exhibited in Table 5 (1), voting share is negatively and statistically significant, suggesting that higher levels of control are associated with lower firm value. The coefficient suggests that a one percentage point increase in voting ownership is associated with approximately a 0.010 decrease in Tobin's q . This finding is consistent with the view that concentrated control gives rise to agency problems, as controlling shareholders can extract private benefits at the expense of other owners. However, once firm-level controls (2) and fixed effects (3) are introduced, the coefficient on voting share becomes statistically insignificant. This indicates that the negative relationship observed in the OLS specification is largely driven by cross-sectional differences across firms rather than within-firm changes. Namely, firms with high levels of control tend to have lower valuations but increases in control within a given firm are not associated with significant changes in firm value. This finding is consistent with Himmelberg, Hubbard and Palia (1999). Meanwhile, this result contrasts with Cronqvist and Nilsson (2003), who show a significant negative relationship even when accounting for firm-specific effects.

4.2 The Role of Control Structures

Turning to the second ownership variable, excess votes, we find that the coefficient on excess votes is negative but statistically insignificant in the baseline OLS specification (1) in Table 5. This result suggests no clear cross-sectional relationship between the control wedge and firm value. However, once firm-level controls and fixed effects are introduced (3), the coefficient becomes positive and statistically significant. This result indicates that increases in the wedge between control and cash-flow rights within firms are associated with higher firm value. In contrast to the results for voting ownership, the effect of excess votes emerges only when examining within-firm variation over time, suggesting that changes in control structure, rather than the level of control, are relevant for firm valuation. The coefficient suggests that if a controlling shareholder holds twice as many votes as their capital share, Tobin's q is predicted to be 0.305 higher than for a firm where voting and cash flow rights are equal, holding everything else constant. This result is empirically notable and economically interesting. Prior literature generally predicts a negative relationship between the control wedge and firm value, as a larger separation between voting and cash-flow rights weakens incentive alignment and increases the room for private benefits extraction. For example, Claessens et al. (2002)

document a negative relationship between such deviations and firm value, and Cronqvist and Nilsson (2003) find no significant effect of the wedge. To the contrary, the positive coefficient in the fixed effects model suggests that changes in control structures may be associated with value-enhancing outcomes in a more modern context. One possible explanation is that a greater divergence between control and ownership allows controlling shareholders to adopt a long-term focus that would be difficult to pursue under stricter coherence between control and cash-flow rights (Jordan et al., 2016; Anderson and Reeb, 2003). Overall, these results suggest that while the level of control is not significantly related to firm value, the structure of control plays a more important role in explaining within-firm variation in value.

To evaluate whether a fixed effects specification is appropriate, we conduct both F-tests and Hausman tests. The F-tests strongly reject the null hypothesis that firm fixed effects are jointly equal to zero ($p < 0.001$), suggesting the existence of sizable unobserved heterogeneity across firms and ruling out pooled OLS as a suitable specification. In addition, the Hausman tests reject the null hypothesis of no correlation between regressors and firm-specific effects in the baseline fixed effects model ($p = 0.001$), supporting the use of fixed effects over random effects.

As discussed in the data section, the requirement for complete financial data across all control variables results in the exclusion of approximately 18% of ownership observations, with excluded firms tending to be smaller and less profitable than included ones. This raises the concern that the main results may be driven by sample selection rather than reflecting a true relationship between ownership structure and firm value. To assess this, regression (4) in Table 5 re-estimates specification (3), excluding capital expenditures and PPE divided by assets as well as leverage as control variables, increasing the estimation sample from approximately 3,844 to 4,593 observations. The results are broadly consistent, with excess votes remaining positive and significant at the 5% level across both specifications. Notably, voting ownership turns marginally significant at the 10% level in regression (4), whereas it was insignificant in regression (3). This can likely be attributed to the larger sample providing greater statistical power rather than a fundamental change in the underlying relationship, since the direction and magnitude of the coefficient remain stable across both specifications. Excluded observations tend to be smaller and less profitable firms, and including them appears to introduce enough additional variation to sharpen the estimate on voting ownership. Overall, the robustness check suggests that the core findings are not a result of sample selection.

4.3 Ownership Identity and Heterogeneity

To examine whether the effects of ownership structure differ across categories of controlling shareholders, we extend the baseline regression by interacting the ownership variables with owner identity. Regression (5) in Table 5 presents the results, including both control variables and firm and time fixed effects.

Introducing owner-type heterogeneity changes the results notably. First, the coefficient on excess votes remains positive but loses statistical significance. The loss of statistical power implies that the previously identified effect of the control wedge is not robust once differences across owner types are considered. This indicates that the relationship between control structures and firm value may be driven by specific types of controlling shareholders rather than representing a general effect. Second, voting ownership becomes negative and statistically significant, indicating that, once heterogeneity is accounted for, higher levels of control are associated with lower firm value, consistent with the presence of agency costs among controlling shareholders and aligned with previous literature (Cronqvist and Nilsson, 2003; Gompers et al., 2010). The most notable result, however, is the interaction term for founder-family ownership, which is positive and marginally significant. This suggests that the negative effect of voting ownership is mitigated for founder-family firms. In other words, while consolidated control is related to lower firm value for non-founder family firms, it appears to be partially offset in firms where founders remain in control, contrasting with Cronqvist and Nilsson (2003), who document a more negative effect of control in family firms, though it is worth noting that their evidence is based on subgroup regressions rather than interaction terms in a pooled specification, meaning the two approaches are not directly comparable. Instead, the results are consistent with the view that founder-family ownership can improve alignment and monitoring, leading to higher firm value, as suggested by Anderson and Reeb (2003).

When ownership identity heterogeneity is considered, the Hausman test remains highly significant. Combined with the F-test results and standard practice in the literature, these findings support the use of a fixed effects specification as an empirical approach.

Overall, these results highlight the importance of ownership identity in understanding the relationship between control and firm value. Expressed differently, the effects of controlling ownership are not equal across firms.

Table 5: Valuation of Controlling Minority Shareholders

Independent variable	Dependent variable: Tobin's q				
	(1)	(2)	(3)	(4)	(5)
Voting share	-1.045*** (0.352)	-0.469 (0.340)	-0.655 (0.470)	-0.680* (0.394)	-1.243** (0.571)
Excess votes	-0.013 (0.096)	0.105 (0.089)	0.305** (0.142)	0.258** (0.127)	0.021 (0.195)
Voting × Founder-family					1.360* (0.736)
Voting × Non-founder family					0.267 (0.802)
Voting × Financial					0.272 (0.798)
Excess × Founder-family					0.183 (0.285)
Excess × Non-founder family					0.408 (0.250)
Excess × Financial					0.261 (0.317)
Controls	No	Yes	Yes	Partial	Yes
Year FE	No	Yes	Yes	Yes	Yes
Firm FE	No	No	Yes	Yes	Yes
Observations	4701	3844	3844	4593	3844
R-squared	0.009	0.152	0.055	0.033	0.057
F-test: fixed effects vs. pooled OLS (p-value)			11.890 (0.000)	12.761 (0.000)	11.797 (0.000)
Hausman-test: fixed vs. random effects (p-value)			26.823 (0.001)	20.007 (0.003)	36.457 (0.002)

Table 5 above provides the main regressions of the paper, with Tobin's q regressed on voting ownership and excess votes (1-3). Additionally, the independent variables are interacted with owner categories (5) to examine the impact of owner types on the relationship between CMS and firm value. For an observation to be classified as having a controlling minority shareholder, voting share must be at least 25%. If there are multiple owners with $\geq 25\%$, the owner with the largest share of the voting rights is classified as the controlling owner. If no owner meets the threshold, ownership is classified as dispersed and the independent variables set to zero. Excess votes is defined as the votes to capital ratio minus one while Voting share constitutes the percentage of voting rights held by the owner. Additional control variables are included (see Table 2 for definitions). Shareholders are classified into four mutually exclusive categories (see Table 3) for definitions. Standard errors clustered at the firm level are reported in parentheses. Further, the F-test examines whether fixed firm effects are jointly significant, and the Hausman-test (1978) is "a Wald-test under the null hypothesis of zero correlation between the regressors and the firm-specific effects" (Cronqvist and Nilsson, 2003).

, ** and * represent significance at the 10%, 5% and 1% levels, respectively*

4.4 Ownership Structure and Operating Performance

In addition to the regressions on Tobin's q , we carry out an analysis of the relationship between return on assets (ROA) and our ownership variables. Following Cronqvist and Nilsson (2003), the ROA specification contains a one-year lag. This choice is motivated by the time it takes for operating performance to materialize in contrast to the forward-looking nature of market value. In a regression excluding owner identity categorisation, excess votes is highly significant and positive, suggesting that a larger wedge between voting rights and capital share is related to improved operating performance. This is somewhat contradictory to the entrenchment arguments that dominate the ownership literature, however, it aligns with the theory proposed in parts of the recent literature, whereby controlling owners with disproportionate voting power are better protected from short-term market pressure, enabling them to pursue value-creating strategies with longer time horizons (Jordan et al., 2016). It is worth noting, however, that this result does not survive the inclusion of owner identity interactions, where all key variables lose significance. One possible interpretation is that investors incorporate control structures into their expectations of future performance. These effects are not immediately observable in financial performance. Meanwhile, it is also worth noting that the consequences of private benefits extraction may not show up in operating performance at all. Controlling shareholders can extract value through ways in which ROA is not affected, including related-party transactions and excessive compensation. Thus, the results should be interpreted with caution. At the same time, this finding is consistent with the broader results. Excess votes appear to carry a positive association with both operating performance and valuation when owner identity is not accounted for, but this effect disappears once owner type is introduced. Meanwhile, voting ownership does not appear to negatively impact operating performance, indicating that the valuation discount is not driven by operational performance, but rather a result of how investors price governance risk.

Table 6: Operating Performance Consequences of CMS

Independent variable	Dependent variable: ROA	
	(1)	(2)
Voting share	0.007 (0.024)	-0.005 (0.049)
Excess votes	0.013*** (0.004)	-0.009 (0.023)
Voting $\times$ Founder-family		0.040 (0.054)
Voting $\times$ Non-founder family		0.029 (0.057)
Voting $\times$ Financial		-0.052 (0.073)
Excess $\times$ Founder-family		0.021 (0.025)
Excess $\times$ Non-founder family		0.023 (0.024)
Excess $\times$ Financial		0.023 (0.027)
Controls	Yes	Yes
Year FE	Yes	Yes
Firm FE	Yes	Yes
Observations	3558	3558
R-squared	0.049	0.051
F-test: fixed effects vs. pooled OLS (p-value)	12.554 (0.000)	12.407 (0.000)
Hausman-test: fixed vs. random effects (p-value)	20.830 (0.008)	40.929 (0.000)

Table 6 illustrates the interaction between the paper's ownership variables and owner identity, and its relationship to operating performance (ROA). As explained in Table 5, for an observation to be classified as having a controlling minority shareholder, voting share must be at least 25%. If there are multiple owners with $\geq 25\%$, the owner with the largest share of the voting rights is classified as the controlling owner. If no owner meets the threshold, ownership is classified as dispersed and the independent variables set to zero. Excess votes is defined as the votes to capital ratio minus one while Voting share constitutes the percentage of voting rights held by the owner. Additional control variables are included (see Table 2 for definitions). Shareholders are classified into four mutually exclusive categories (see Table 3) for definitions. Standard errors clustered at the firm level are reported in parentheses. Further, the F-test examines whether fixed firm effects are jointly significant, and the Hausman-test (1978) is "a Wald-test under the null hypothesis of zero correlation between the regressors and the firm-specific effects" (Cronqvist and Nilsson, 2003).

, ** and * represent significance at the 10%, 5% and 1% levels, respectively*

4.5 Firm Lifecycle Analysis

The lifecycle analysis provides limited evidence that the relationship between controlling ownership and firm value varies systematically with firm age. In specifications without time

fixed effects, the results suggest that the negative association between voting control and firm value is strongest for younger firms and diminishes as firms mature, becoming positive for older firms. This pattern aligns with the theory of control, initially resulting in agency costs but for more mature firms, facilitating long-term decision-making and stability. However, this relationship is not robust to the inclusion of time fixed effects. When time trends are accounted for, the interaction between firm age and voting ownership loses statistical significance, indicating that the previously observed pattern is primarily driven by time variation rather than within-firm lifecycle differences. Hence, the initial results may demonstrate broader changes in the corporate governance environment and market conditions instead of true lifecycle effects. Combined, these findings imply that the impact of controlling ownership does not systematically evolve as firms age.

Table 7: Corporate Valuation Consequences of CMS: A Lifecycle Analysis

Independent variable	Dependent variable: Tobin's q	
	(1)	(2)
Voting share	-0.699 (0.561)	-0.340 (0.564)
Voting × IPO age 6–10	0.354 (0.314)	0.219 (0.335)
Voting × IPO age 11–20	0.696* (0.414)	-0.017 (0.444)
Voting × IPO age 20+	1.047* (0.546)	-0.374 (0.619)
Controls	Yes	Yes
Year FE	No	Yes
Firm FE	Yes	Yes
Observations	3844	3844
R-squared	0.037	0.052
F-test: fixed effects vs. pooled OLS (p-value)	11.319 (0.000)	11.757 (0.000)
Hausman-test: fixed vs. random effects (p-value)	21.326 (0.030)	17.754 (0.087)

Table 7 illustrates the interaction between voting share and time since IPO and its relationship to firm value (Tobin's q). As explained in Table 5 for an observation to be classified as having a controlling minority shareholder, voting share must be at least 25%. If there are multiple owners with $\geq 25\%$, the owner with the largest share of the voting rights is classified as the controlling owner. If no owner meets the threshold, ownership is classified as dispersed and the independent variables set to zero. Voting share is defined as the percentage of voting rights held by the owner. To account for the time dimension, observations are split into four buckets depending on time since IPO: "IPO age 0-5" (the baseline of the regression), "IPO age 6-10", "IPO age 11-20", "IPO age 20+". Regression (1) excludes time fixed effects whereas regression (2) includes them. Standard errors clustered at the firm level are reported in parentheses. Further, the F-test examines whether fixed firm

effects are jointly significant, and the Hausman-test (1978) is “a Wald-test under the null hypothesis of zero correlation between the regressors and the firm-specific effects” (Cronqvist and Nilsson, 2003).

, ** and * represent significance at the 10%, 5% and 1% levels, respectively*

5 Discussion

5.1 Cross-sectional versus within-firm variations

To interpret the results, we need to distinguish between cross-sectional and within-firm variation in ownership. Across firms, higher levels of control are associated with lower firm value, consistent with the presence of agency costs. However, once firm-specific characteristics are accounted for through fixed effects, this relationship disappears, suggesting that the negative association is primarily driven by cross-sectional differences rather than changes within firms, aligned with Himmelberg et al. (1999). Instead, the structure of control, captured by the difference between voting and cash-flow rights, becomes economically relevant. A growing literature suggests that deviations between voting and cash-flow rights may create value by protecting controlling shareholders from short-term market pressure, enabling long-term decision-making and greater risk-taking. Consistent with this, dual-class firms face lower short-term pressures (Jordan et al., 2016), exhibit stronger innovation outcomes (Baran et al., 2019) and in some cases achieve higher growth and abnormal returns following recapitalisations (Dimitrov and Jain, 2006), indicating that the wedge can support value creation under certain conditions. At the same time, taking heterogeneity in ownership identity into account further changes the results. When distinguishing between owner types, voting ownership becomes negative and significant, while the interaction with founder-family ownership is positive. This suggests that the influence of control depends critically on the type of owner. If we ignore heterogeneity, it may lead to biased estimates, as the positive effects associated with founder-family firms can offset the negative relationship observed for other ownership types. In sum, these results highlight that the relationship between controlling ownership and firm value is sensitive to both identification and ownership classification. This differs in a meaningful way from the relationships documented by Cronqvist and Nilsson (2003) and suggests that the valuation implications of ownership structures may have changed over time.

5.2 Explaining the changing implications for firm valuation

There are three potential and complementary explanations for these differences. First, the classification of ownership differs across studies. Cronqvist and Nilsson (2003) apply a relatively broad grouping of owner categories, whereas this paper relies on a more granular classification based on ownership spheres as defined by Holdings. As a result, the identification of controlling owners varies across approaches. Moreover, the classification of owner types inherently involves a degree of manual judgement, which introduces potential subjectivity. Differences in classification criteria may therefore influence the empirical results, making comparability across studies more difficult. Nevertheless, by applying a consistent and carefully constructed classification of ownership categories, this paper aims to provide a detailed perspective on how ownership identity impacts company valuation. Second, Cronqvist and Nilsson use subgroup regressions, whereas this paper employs interaction terms in a pooled specification, which preserves statistical power, ensures consistent identification across groups and allows direct hypothesis testing of whether ownership effects differ across categories. Third, differences in the underlying institutional context may help explain the results. As discussed previously, corporate governance in Sweden has evolved over the past decades, with regulatory changes such as the enactment of the Swedish Companies Act in 2006 and the establishment of the Swedish Corporate Governance Board in 2005. Increased investor protection reduces the private benefits of control (La Porta et al., 1998), which could help explain why the negative relationship between voting ownership and firm value weakens when firm-specific effects are accounted for. In particular, the insignificant effect of voting ownership and the positive association between the wedge between cash-flow and voting rights in Table 5 (3) suggest that control structures may no longer contribute to agency costs. At the same time, financial markets have become increasingly liberalised and globalised, with greater participation by foreign investors. Despite these changes, however, ownership concentration has remained relatively stable (Peev and Gugler, 2023), suggesting that while the environment in which controlling shareholders operate has changed, ownership structures have not, implying that the consequences of a given ownership structure may differ depending on the institutional context. Building on this, investor preferences have also evolved, particularly with respect to dual-class share structures. The growing acceptance of such structures, partly driven by the success of global firms such as Facebook and Google, has altered the perceived costs and benefits of maintaining control (Aggarwal et al., 2022). As shown by Braggion and

Giannetti (2019), investor demand can influence firms' governance choices, suggesting that the valuation implications of control structures may vary over time.

Further, the results on ownership identity add critical nuance to the interpretation. When accounting for heterogeneity, the baseline effect of voting ownership is negative and significant, consistent with Cronqvist and Nilsson (2003), indicating that higher levels of control are associated with lower firm value for the average firm. However, the interaction with founder-family ownership is positive, suggesting that this negative relationship does not apply equally across all owner types. This finding is noteworthy, given that previous literature, including Cronqvist and Nilsson, finds particularly harmful effects for family-controlled firms. The difference from earlier evidence may be a consequence of the institutional evolution described above, where in a governance environment characterised by stronger investor protection and reduced scope for private benefit extraction, the benefits of founder-family control, including longer time horizons, reputational concerns and closer alignment of interests, may have become relatively more important than the entrenchment risks (Anderson and Reeb, 2003). This implies that the insignificant effect of voting ownership in the initial analysis (3) may be caused by offsetting effects across different ownership categories. Notably, no significant interaction effects are observed for other owner types, suggesting that the moderating influence of owner identity is specific to founder-family shareholders and does not extend to financial institutions or corporations. As a result, the overall relationship between voting ownership and firm value may appear weak or insignificant when ownership heterogeneity is not accounted for, highlighting the importance of distinguishing between owner types.

Finally, analysis of operating performance (ROA) offers limited evidence that ownership structure significantly impacts firm profitability. We interpret this as the valuation effects identified are not driven by differences in operating performance, however, rather reflect investor perception of governance.

5.3 Ownership structure, firm lifecycle and market valuation

The lifecycle analysis provides limited support for the hypothesis that the relationship between controlling ownership and firm value evolves systematically as firms mature. While the results without time fixed effects suggest that the negative impact of control is stronger in younger

firms and diminishes over time, this pattern disappears once time trends are considered. The results indicate that the apparent lifecycle effect is predominantly driven by time variation. We identify two possible explanations. Firstly, Morck, Shleifer and Vishny (1988) find that founding families are associated with lower firm value in older firms but not in younger ones, suggesting that the governance costs of concentrated control may be more visible early in a firm's life. This is also aligned with Loderer, Stulz and Waelchli (2017), who document that Tobin's q declines as firms age due to an increase of organisational rigidities instead of agency costs. If the age-related decline in Tobin's q is largely a time-driven phenomenon, as both their evidence and ours suggest, then detecting a clean within-firm lifecycle effect of ownership on valuation becomes inherently difficult. Meanwhile, Loderer and Waelchli (2010) argue that Tobin's q declines with age due to a mix of organisational rigidities and increased rent-seeking behaviour, though our findings suggest this pattern is difficult to distinguish from broader time trends. Secondly, the results without time fixed effects may also capture changes in the broader corporate governance landscape, and the apparent lifecycle pattern may partly reflect the evolution of governance norms over time rather than genuine within-firm aging. This interpretation is consistent with the broader argument of this paper, that the valuation implications of controlling ownership have changed over the sample period.

Finally, it is worth noting that listing age is an imperfect proxy for firm lifecycle stage, since firms go public at very different points in their development. However, Shumway (2001) argues that listing age is the most economically meaningful metric, as an IPO fundamentally changes a firm's ownership, capital structure and governance demands.

5.4 Limitations of the paper

There are a select number of limitations important to note when interpreting the results provided. Firstly, due to data limitations, the sample only includes companies currently listed, hence potentially excluding firms where ownership structures resulted in poor performance over time. This introduces survivorship bias, as the sample is likely skewed toward firms in which controlling shareholder structures were sustainable. As a result, the negative effects of control may be understated. Accordingly, the findings should be interpreted as reflecting the relationship between ownership and firm value among surviving firms, rather than the full population of firms. This limitation is particularly relevant for the interpretation of the positive association between the wedge and firm value. If companies with value-eroding control

structures are more likely to exit the sample through bankruptcy or acquisition, the remaining firms may disproportionately represent cases in which such structures had either neutral or positive effects on firm value, leading to the estimated positive relationship potentially demonstrating a selection effect rather than a pure causal dynamic. Moreover, certain owner types, such as founder-family firms, may be more likely to remain in control over longer periods, further influencing the observed heterogeneity in the results. This suggests that the findings should be interpreted with caution, particularly when generalising to earlier stages of the firm lifecycle or to firms operating in less stable environments. Future research could address this limitation by including delisted firms or using datasets that follow firms over their entire lifecycle, allowing for a more comprehensive examination of the long-term effects of controlling ownership structures.

Secondly, the panel is unbalanced across both firm age and owner types, which may affect the interpretation of the results. Regarding firm age, the uneven distribution of observations limits the ability to detect lifecycle effects, as younger firms are typically observed for shorter periods, reducing within-firm variation and statistical power. Similarly, the unbalanced representation of owner types may influence the precision of the estimated relationships. Owner categories with fewer observations, such as financial institutions, provide limited variation, which makes it more difficult to draw conclusions about their impact on firm value.

Thirdly, the methodology relies on several key assumptions, including the definition of controlling ownership and the choice of relevant time periods. The classification of controlling ownership follows established definitions in the literature (Cronqvist and Nilsson, 2003). However, alternative definitions may lead to different results. Similarly, the choice of time periods, especially in the context of firm lifecycle analysis, follows prior literature and economic reasoning, but various papers use different selections of time periods. As a result, the findings may be sensitive to the methodology utilised.

Fourthly, the research includes a significant element of manual classification, introducing the potential for measurement error. This is particularly relevant for the classification of owner types and owner spheres. The categorisation follows a consistent underlying logic: financial institutions are defined as entities that primarily manage third-party capital, including private equity firms, funds, and pension managers; corporations are operating companies with a primary business activity beyond investment; and family offices and personal investment

vehicles are classified based on their link to an individual or family. Despite efforts to apply these criteria consistently, certain cases require judgement and alternative classifications could lead to different results. This limitation, however, is not unique to this paper.

6 Conclusion

This paper reexamines the relationship between controlling minority shareholders and firm value in a modern corporate governance setting. The findings highlight the importance of distinguishing between cross-sectional and within-firm variation. While higher levels of voting ownership are negatively associated with firm value in simple specifications, this relationship disappears once firm-specific heterogeneity is accounted for. Instead, the structure of control, which is captured by the wedge between voting and cash-flow rights, becomes economically relevant within firms. However, when accounting for ownership heterogeneity, the baseline effect of voting ownership is negative and significant, consistent with Cronqvist and Nilsson (2003), while the effect is mitigated for founder-family firms. This suggests that the absence of a significant relationship in our initial regressions is driven by offsetting effects across owner categories and highlights the importance of ownership identity in understanding the valuation consequences of control. We argue that the shift in effects documented for companies controlled by founder-families may depend on a changing corporate governance landscape with enhanced minority investor protection and increased investor acceptance of founder-controlled firms.

In addition, the analysis provides no robust evidence that the effects of controlling ownership vary systematically over a firm's lifecycle. Once time effects are accounted for, the lifecycle mechanism disappears, implying that these effects are driven by broader changes in the institutional environment. Our results suggest that the valuation impact of controlling ownership depends largely on specification, ownership identity and the institutional setting in which companies operate.

The key finding of this paper is that the impact of control depends critically on owner identity, where the identified negative effect of the level of control is mitigated for founder-family controlled firms. This directly contradicts earlier evidence, illustrating that the relationship between ownership structure and firm valuation is not static, however, it evolves with the institutional environment, suggesting that corporate governance research conducted in earlier

periods should be revisited as governance landscapes change. This paper has practical relevance for investors and asset managers who price governance risk, for policymakers debating the advantages and disadvantages of dual-class share structures and for founders evaluating control structures.

The findings should be interpreted considering certain limitations. In particular, the use of a sample of currently listed firms introduces survivorship bias, which may exacerbate the negative effects of control. Future research could extend the analysis by incorporating a broader sample of firms, as well as by examining the role of owner involvement in corporate governance, such as managerial positions and board participation, to better understand the mechanisms through which ownership affects firm value.

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Appendix

Table 8: Removed Banks and Insurance Companies

Company Name	Industry
Nordea Bank	Large bank
SEB	Large bank
Swedbank	Large bank
Handelsbanken	Large bank
Sampo	Insurance
Nordnet	Niche bank
Avanza Bank Holding	Niche bank
NOBA Bank Group	Niche bank
Arion Bank	Bank
Norion Bank	Niche bank
TF Bank	Niche bank
Enity Holding	Niche bank
Morrow Bank	Niche bank
Solid Försäkring	Insurance

Financial institutions excluded from the sample, following standard practice in the corporate governance literature (Cronqvist and Nilsson, 2003). Excluded due to differing regulatory environments and financial reporting standards.

Table 9: Holdings Ownership Data Issues

Company Name	Years	Reason
Seafire	2013-2016	Ownership data missing
K2A Knaust & Andersson Fastigheter	2017	Ownership data missing
Gentoo Media	2015	Ownership data missing
Arctic Paper	2009-2013	Ownership data missing
Cavotec Group	2007-2013	Ownership data missing
VNV Global	2014	Ownership data missing
ProfilGruppen	2001-2007	Ownership data missing
SinterCast	2001	Ownership data missing
Stockwik Förvaltning	2001-2003	Ownership data missing

Karnell	2021	Ownership data missing
Active Biotech	2001-2002	Ownership data missing
Traction	2006-2010	Data incorrect/unreliable
Coinshares International	2020	Ownership data missing
AstraZeneca	2006-2007	Data incorrect/unreliable
Stora Enso	2011-2015	Data incorrect/unreliable
Kinnevik	2005-2013	Ownership data missing

Firm-year observations excluded due to missing or unreliable ownership data from Holdings. The classification is based on a manual review of reported voting and cash-flow rights.

Table 10: Owner Category Keywords

Category	Keywords
Financial Institution	capital, asset, management, fund, fonden, fonder, blackrock, vanguard, pension, bank, amundi, fidelity, försäkring, shb-sfären, swedbank-sfären, eqt, kapitalförvaltning, partners, l.p, equity, lp
Family	family, familj, families, foundation, stiftelse, intressen, wallenberg-sfären, sfären, investment ab latour & fam. douglas, grundare, med bolag, lundberggruppen, founders, med närstående, slakten, ättlingar, konsult, utveckling, schörling
Corporations	oy, oyj, ag, s.a, sa, plc, ltd, corp, inc, group, holding, n.v., s.a.r.l, gmbh, a/s, staten, b.v

Keywords used in the first-stage automated classification of owner names. The second-stage manual review distinguishes between founder-family and non-founder family within the Family category. See Section 3.4 for details.

Table 11: Financial Metrics (CMS and non-CMS)

Statistic	Variable	Non-CMS (Millions)	CMS (Millions)
Mean	Sales	19,039	17,655

Median	Sales	2,025	3,000
Mean	EBITDA	3,097	2,876
Median	EBITDA	266	474
Mean	Total Assets	27,677	30,314
Median	Total Assets	2,811	5,651
Mean	Debt	7,030	8,281
Median	Debt	582	1,497
Mean	CAPEX	-771	-846
Median	CAPEX	-32	-64
Mean	PPE	10,605	14,580
Median	PPE	424	1,556
Mean	Market Cap	35,147	25,648
Median	Market Cap	3,220	5,162

Means and medians of firm-level financial variables for CMS firms (voting share $\geq 25\%$) and non-CMS firms. Values reported in SEK millions.

Table 12: Financial Ratios (CMS and non-CMS)

Statistic	Variable	Non-CMS	CMS
Mean	Assets (log)	21.92	22.44
Median	Assets (log)	21.76	22.46
Mean	Tobin's q	2.14	1.60
Median	Tobin's q	1.21	1.10
Mean	Leverage	0.23	0.26
Median	Leverage	0.20	0.25
Mean	ROA	0.03	0.08
Median	ROA	0.08	0.09
Mean	Sales/Assets	0.81	0.89

Median	Sales/Assets	0.80	0.83
Mean	Capex/Assets	-0.03	-0.03
Median	Capex/Assets	-0.01	-0.02
Mean	PPE/Assets	0.34	0.45
Median	PPE/Assets	0.21	0.35

Means and medians of firm-level financial ratios for CMS firms (voting share $\geq 25\%$) and non-CMS firms. See Table 2 for variable definitions.

Table 13: Distribution of CMS and non-CMS Observations across Owner Types

Owner Type	Non-CMS (%)	CMS (%)	Count
Corporation	48.9%	51.1%	626
Financial institution	76.4%	23.6%	921
Founder-family	22.8%	77.2%	1,475
Non-founder family	41.7%	58.3%	1,679

Percentages of CMS and non-CMS firm-year observations within each owner category. CMS defined as voting share $\geq 25\%$. See Table 3 for owner type definitions.

Table 14: Tobin's q by IPO Age and CMS Status

IPO Age Bucket	Non-CMS (Q)	CMS (Q)
0-5	2.57	2.10
6-10	1.99	1.80
11-20	2.00	1.43
20+	1.84	1.33

Average Tobin's q for CMS and non-CMS firms within each IPO age bucket. CMS defined as voting share $\geq 25\%$. See Section 3.2 for the definition of Tobin's q.

Table 15: Variance Decomposition of Ownership Variables

	N obs	N firms	Total SD	Between SD	Within SD	% Between	% Within
Voting share	4,701	344	0.2527	0.2341	0.0952	85.8%	14.2%
Excess votes	4,701	344	0.7613	0.6847	0.3327	80.9%	19.1%

The table decomposes the total variation of each ownership variable into a between-firm component (cross-sectional differences across firms) and a within-firm component (changes over time within a given firm). Standard deviations are computed from the exact sum-of-squares identity (total = between + within) over the estimation sample. The within-firm share indicates how much identified variation is available to the firm fixed-effects estimator. Voting share is the percentage of voting rights held by the controlling owner; Excess votes is the votes-to-capital ratio minus one.

Table 16: Robustness of Results

Dependent variable: Tobin's q

	(1) Baseline FE	Changers only	Two-way SE
Voting share	-0.655 (0.470)	-0.876 (0.578)	-0.655 (0.468)
Excess votes	0.305** (0.142)	0.328** (0.159)	0.305** (0.137)
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Observations	3,844	2,862	3,844
N firms	311	203	311

The table reports the two headline ownership coefficients under three robustness specifications; all estimated with firm and year fixed effects. Column (1) reproduces the baseline panel regression (Table 5, column 3) with firm-clustered standard errors. Column (2) re-estimates the model on the subsample of firms that exhibit meaningful within-firm variation (within-firm SD above one percentage point in either ownership variable), isolating identification from time variation. Column (3) re-estimates the baseline with two-way standard errors clustered on both firm and year. Standard errors are reported in parentheses. *, ** and *** denote significance at the 10%, 5% and 1% levels, respectively.

Artificial Intelligence Disclosure

In the preparation of this thesis, we have used ChatGPT, Claude and Grammarly to improve the readability and clarity of the text, as well as ChatGPT and Claude to assist with troubleshooting and refining our Python code.

All arguments, facts and reasoning are our own. AI tools were used solely to refine language, improve clarity and resolve grammatical issues in text we had already created ourselves. All empirical methods and underlying logic were developed by us. ChatGPT and Claude were used only to troubleshoot the python code, identify the source of errors and interpret error messages. This allowed us to focus more time on the empirical and analytical aspects of the work rather than on debugging.

We are aware of the documented limitations of AI tools, which include hallucinations and factually incorrect output. To mitigate these risks, AI was not used to generate arguments, gather facts, or develop reasoning, but only to refine existing text. All AI-assisted output was carefully reviewed before inclusion.

Overall, our experience with these AI tools has been positive. They allowed us to dedicate more time to the empirical and analytical components of the thesis while improving the final text's readability.