



## ***Finance Recruiting Seminar***

Alberta School of Business  
Department of Finance

Presents:

**Daniel Bias**

Stockholm School of Economics

Topic:

### **Illiquid Equity, Labor Mobility, and Talent Allocation**

Monday, January 31, 2022

10:30am – 12:00pm

Zoom details located in the calendar invite.

If you are not a member of the Finance department and would like to attend, please contact Beth Boison ([boison@ualberta.ca](mailto:boison@ualberta.ca)) for the Zoom meeting details.

### **ABSTRACT**

Using stock market shocks to randomize the completion of a firm's liquidity event, I provide evidence that illiquid equity constrains labor mobility and talent allocation. I find that illiquidity reduces the mobility of employees with vested equity, while employees with unvested equity remain unaffected. The lock-in effect of illiquidity for vested employees is distinct from the well-known retention effect of unvested equity. I show that, by reducing labor mobility, illiquidity interferes with the assortative re-matching of talent in the economy. Recent trends of innovative startups staying private for longer can impose an externality on the broader economy by trapping employees in sub-optimal employer matches.