Billionaire Wealth

By:
Emily Wang, Sneha Sengupta, Teresa Chen, Karen Dong & Valentina Garbelotto

Making a Billionaire

What **factors** contribute to billionaire wealth?

- Wealth category?
- Industry?
- Citizenship?

Data from Forbes 2014 World's Billionaires list

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Forbes Releases 28th Annual World's Billionaires Issue

Forbes Press Releases Forbes Staff

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A Record 1,645 Billionaires Made the 2014 List of the World's Richest People with an Aggregate Net Worth of $6.4 Trillion, Up from $5.4 Trillion Last Year
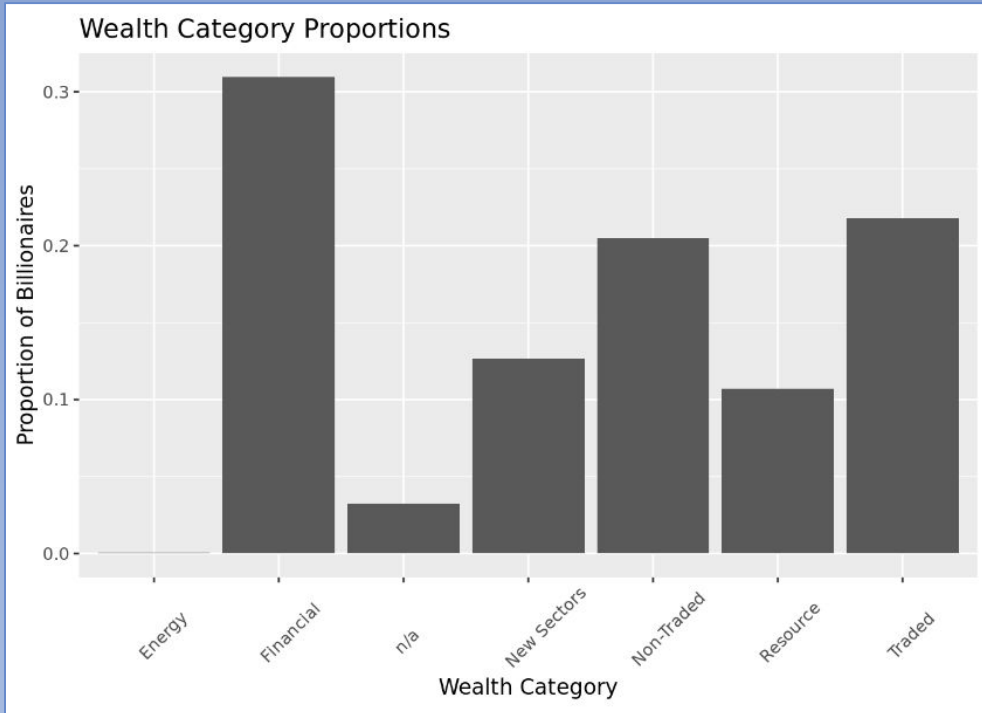
Bill Gates Topped the List With the #1 Spot; Gates Has Been #1 for 15 of the last 20 Years

Wealth Category Boxplot

- Non-traded has highest median net worth

- New Sectors and Non-traded Sectors have greatest variation

Wealth Category vs. Net Worth
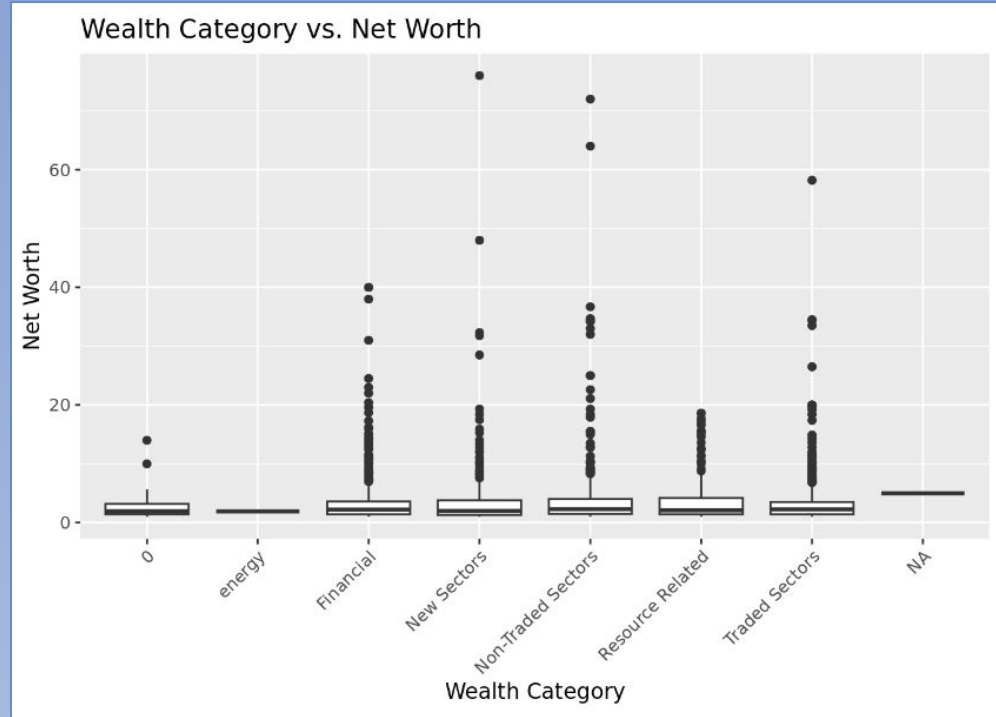
Wealth Category Bar Chart

Wealth Category Proportions

- The category billionaires have mostly built their wealth in is finance

- Energy has the smallest proportion of billionaires

Modeling Approach

Linear Regression

Common method to model dependent variables one or more independent variables, & can show significance of relationships between variables

Addition + interaction models

Used R^2, adjusted R^2, and AIC to select a model

Compared Single, Two, + Three Variables

One explanatory variable: 3 sets (3 x 1)
Two explanatory variables 3 sets (3 x 2)
Three explanatory variables: 1 set (1 x 2)

Single Variable model

Linear Regression Model of **Wealth Type**
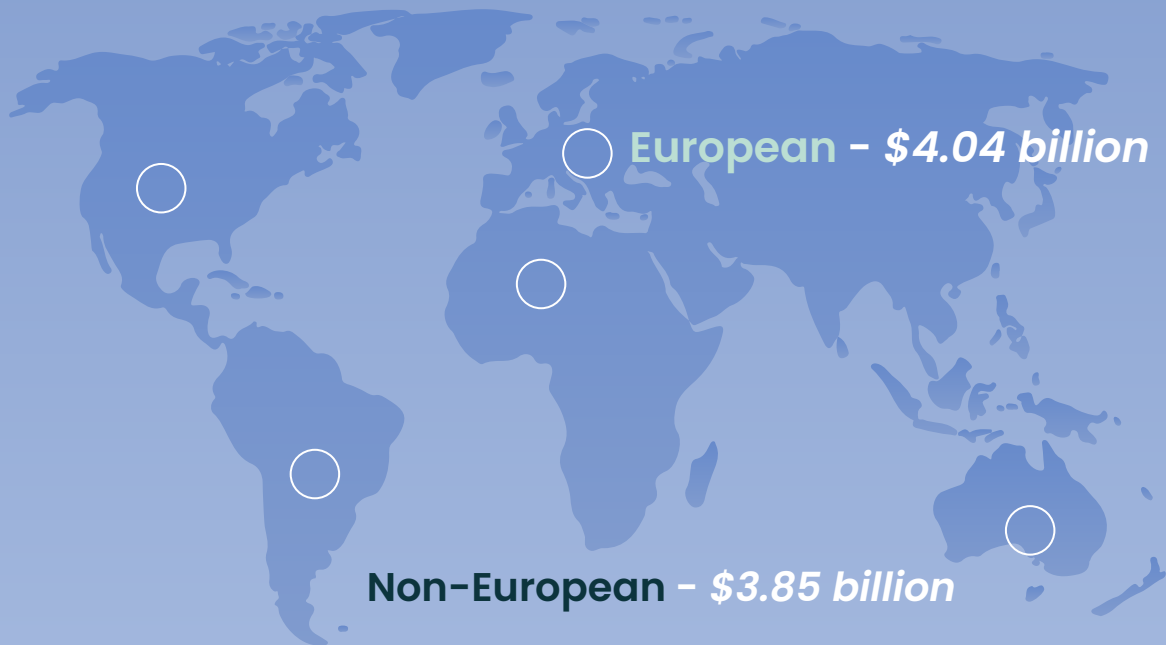
```
#l label: lin-reg-wealth-type

wealth_type <- linear_reg() |>
  set_engine("lm") |>
  fit(wealth.worth ~ wealth.type,
      data = billionaires_2014) |>
  glance() |>
  pull(AIC)
```

AIC = 10477.63

$$\widehat{wealth} = 4.04 - 0.193 * NotEurope$$

Our *conclusions*

European - *$4.04 billion*

Non-European - *$3.85 billion*

Hypothesis:

Financial wealth ✗
European citizenship ✓
Inheritance ✓

= Billionaires with higher net worths

Mean net worth = *$3.9 billion*   *(Technology = $5.23 billion)*