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# **Economic Necessity or Opportunity due to Gender-equal Family Policy? Factors Influencing Entrepreneurship by Mothers in Sweden**

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## **Abstract:**

While diverse individual-level factors can drive women into entrepreneurship, lately entrepreneurship scholars have also begun to explore the role of macro-level institutional factors in shaping women's entrepreneurship (Brush, Ali, Kelley, & Greene, 2017; Giménez & Calabrò, 2017). This research suggests that contexts characterized by institutional arrangements that support work-family balance—such as parental leave, flexible work-hours, and subsidized childcare— are less conducive to entrepreneurship among women than are other contexts (Thébaud, 2015). This is for two interconnected reasons. First, in these contexts mothers of young children are less likely to be pushed into entrepreneurship as a fallback strategy to accommodate work and child care. Second, the benefits of arrangements such as paid parental leave are connected to wage employment and cannot be entirely realized by mothers starting their own business.

Yet, mothers of young children start businesses also in countries characterized by supportive work-family institutions. Sweden, for example, has witnessed a substantial increase in businesses started by mothers in recent years. As entrepreneurship is important for economic development, substantial questions remain about what factors determine business start-up by mothers of young children in contexts characterized by supportive work-family institutions.

Extant theory suggests two different predictions, which rest on different perspectives on gender inequality within families. One perspective—which is the predominant one in the current literature on women's entrepreneurship—takes gender inequality within families as given (Budig, 2006; Jennings & Brush, 2013). It is the mother who is mainly responsible for childcare even if both parents work (McGowan, Redeker, Cooper, & Greenan, 2012). Thus, this perspective predicts that in countries that support work-life balance—such as Sweden—mothers of young children would start businesses mainly because they are unemployed or because they are in a difficult position for finding employment with good conditions (e.g. immigrants who lack language skills and local networks).

The other perspective does not take gender inequality within families as given. The division of house work and child care between partners could vary also as a result of welfare state policies that support work-family balance. It is argued that policies such as paid parental leave, flexible work-hours, or subsidized childcare favor female participation in the workforce and contribute to more egalitarian relationships at home (Thébaud & Pedulla, 2016). Thus, this perspective predicts that in countries like Sweden mothers start businesses because their partners will make use of parental benefits and take responsibility for a larger share of the child care.



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What factors matter the most for explaining entrepreneurship by mothers—being unemployed or having a partner who takes responsibility for child care? This study explores this question in a sample of mothers of young children in Sweden.

In order to conduct the study, we constructed a longitudinal dataset by combining three longitudinal Swedish databases: 1) the database LISA, which provides yearly data on all Swedish inhabitants, including family relationships, 2) the database RAMS, which provides yearly data on all non-listed firms registered in Sweden, including measures such as sales turnover, profitability and debt, and 3) the multi-generational-database provides information on couples (i.e. if they are married or if they are living together and have children together) as well as on biologically linked families (i.e. parents and children). All of these databases provided by Statistics Sweden contain annual information about individuals and/or firms. Thus, our sample and analyses are based on annual observations of data. These are official statistics, which are considered as highly accurate and reliable.

To identify a sample of mothers of newly-born children, we started with an initial sample of all children born in Sweden between 2000 and 2014. From these data, we identified the mothers of each newly-born child and collected longitudinal information about their work status (e.g. employed or unemployed), background (e.g. immigrant), parental benefits (e.g. paid parental leave), work experience, education, income, and use of parental benefits. We collected identical information about the children's fathers. We also collected information on the household as well as grand parents and other relatives to control for household wealth and family network. We used survival analysis to test what factors explain the likelihood of mothers of starting a business (Cameron & Trivedi, 2013; Rabe-Hesketh & Skrondal, 2008). In more detail, we identified as fail event the start of an entrepreneurial activity by a mother of a newly-born child during a period of up to 8 years after the child's birth. We choose 8 years as the maximum period for following each mother because this is the length of time parents can make use of paid parental leave in Sweden. In the period 2000-2014 we identified about 1 million mothers of newly-born children. Out of this million, 60 thousand started a business during the time they (and their child's fathers) could have made use of parental benefits. As key explanatory factors we considered employment status (employed vs. unemployed), background (immigrant), and use of paid parental leave.

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