Spotlight
by CeFEO

Why do mothers in a generous welfare state choose to start businesses?

Parental leave gives women the time to rethink, spot, and launch new ventures.

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The familiar story about mothers and business runs in one direction. A woman has a child. She finds that an ordinary job will not bend around the school run and the sick days, so she starts something small, often from the kitchen table, to buy herself flexibility. Entrepreneurship as Plan B — a workaround for a system that was never built for her.

That story does not travel well to Sweden. The Swedish welfare state offers 480 days of paid parental leave, heavily subsidised daycare from the age of one, and a legal guarantee that your old job will be waiting. The whole apparatus is tilted toward keeping people in employment. Pensions track lifetime income, so years out of work cost you later. In a recent ranking, "entrepreneur" came nineteenth on a list of preferred careers, and roughly half of all Swedish firms fail within five years. Being a "stay-at-home mom", in the authors' words, is a stigmatised position. By every conventional metric, employment is the rational choice.

And yet a growing number of Swedish mothers start companies anyway. A new study set out to understand why. Its answer has little to do with balancing nappies and invoices, and a great deal to do with something the welfare system quietly hands out: time.

WHAT WE STUDIED

The researchers followed 18 Swedish women who launched businesses after becoming mothers but before their youngest child turned four. These were not hobbyists. Their firms spanned granola and vegan baby food, jewellery, farming, fashion PR, children's clothing and skincare; 2019 turnover ranged from a few hundred thousand kronor to more than 58 million, and most had employees. All but one held a job before starting out, and every one had at least postsecondary education.

Rather than a survey, the team used a life-story approach. Each woman was interviewed at least three times across three years, with sessions running up to two and a half hours, and the interviews were supplemented with social-media activity, press coverage and company-register data. The material was read twice over — first as narratives, to see how each woman made sense of her own choices, then thematically, to find the patterns recurring across all eighteen. The accounts fell into three rough types: women who had always seen themselves as entrepreneurs and were waiting for the right moment, women who saw a venture as the truest way to practise their profession, and women who never planned it and grew into the choice while on leave. What united them was less a shared motive than a shared resource. It is slow, demanding work, and it is exactly what you need to catch motives a tick-box questionnaire would flatten.

KEY INSIGHTS

It was the leave, not the motherhood

The trigger was not becoming a mother. It was the parental leave itself — the interruption it forced into an otherwise continuous working life. Women described leave as a pause that let them step back and ask what they actually wanted. As one founder, Annie, put it: when you are working you simply keep going without much reflection; on leave, you finally have time to think about what is important. Children, strikingly, barely featured in these accounts of why they started.

Time was the scarce resource, and the system handed it over

Across the interviews, time surfaced as the resource these women normally lack and suddenly had. The authors split it three ways. There was "me-time" — space to reflect on identity, values and direction. There was time to scan the environment — to notice gaps, meet other people, test ideas. And there was time to plan and kickstart — to write the plan, find suppliers, build the first product. One founder drafted her business plan between feeds and launched with fifteen flavours once her child started daycare.

Timing worked as a gatekeeper

Having time was necessary but not sufficient. Women also waited for the right moment, and that moment was shaped by the welfare rules. Because parental-leave pay is pegged to recent income and is awkward to draw as a self-employed person running a young firm, most chose to start only after their last planned child. Frida was blunt: if you intend to have more children, staying employed is the smarter financial move; once your family is complete, that is the best time to start. When the timing felt wrong, women stayed put. When it felt right, they moved.

These were Plan A businesses

This is the finding worth underlining. The ventures were not defensive, home-based arrangements for combining work and childcare. They were deliberate, committed and often growth-minded — several women went on to become serial entrepreneurs, and most employed staff. The dominant Anglo-Saxon account holds that women start businesses as a relational fallback, factoring in everyone else's needs first. Here the opposite was true: with income security and childcare in place, these women could put themselves first and build the venture they actually wanted. Entrepreneurship as Plan A, a positive choice — not Plan B.

Equality at home did the quiet heavy lifting

Generous policy alone was not enough. What made the time usable was a gender-egalitarian culture inside the home. Partners shared childcare and housework; for the women who had another child after launching, a partner willing to step in was often what kept the business alive. The state created the opening. The family decided whether a mother could walk through it.

TAKEAWAYS

For women weighing the leap, the practical message is encouraging: a long, protected break is not dead time. Used deliberately, it can be the runway. For the people around them — partners, advisors, lenders and policymakers — the lesson is to stop treating maternal entrepreneurship as a compromise and start treating it as a career choice that deserves the same backing as any other.

IMPACT

The larger argument is about structures, not individuals. We usually credit start-ups to driven people; this study asks us to see the welfare system itself as an entrepreneurial agent — something that, almost as a by-product, creates the conditions for good businesses to begin. Firms started as Plan A tend to survive and grow better than necessity ventures, so a system designed to keep people employed ends up seeding the very enterprises that enterprise policy chases head-on and so often fails to produce.

There is a sting in the tail, and the authors are honest about it. The same rules that help a woman start a business make it hard to keep one going if another child arrives. Parental benefits are modelled on employment; an owner cannot easily pause her firm, hire a stand-in, or prove to the authorities that she is "not working" while on leave. The door that opens can later become a brake on growth. That tension is the part most worth fixing.

For family firms, the mechanism travels even though the sample does not. Next-generation members often decide whether to start something of their own at exactly these life-course junctures, and the study's core point — that a protected stretch of time, not the life event itself, is what prompts venturing — is a useful lens for any family thinking about how to give a successor room to choose.

RECOMMENDATIONS

1. Policymakers should protect the feature that works — paid, flexible, job-guaranteed leave — while closing the gap that penalises owners who want another child. Letting entrepreneurs draw benefits without losing momentum would remove a real disincentive.
2. Enterprise-support organisations should treat life-course timing as a live variable. A woman's readiness often depends on whether her family is complete, not on a generic stage of business planning.
3. Advisors and lenders should retire the assumption that a mother's venture is small, home-based and relational by default. Many are built to grow and to hire.
4. Women planning a venture can use protected leave intentionally — to reflect, scan and plan — rather than waiting for a clean slate that rarely

comes. The evidence suggests the right window is usually after the last planned child.

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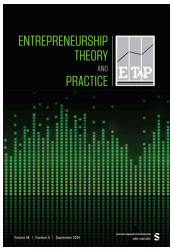

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