Spotlight
by CeFEO

Why do supportive employers sometimes nudge their staff toward becoming full-time entrepreneurs?

A study of eight Swedish founders shows workplace support can push staff out.

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Most founders never hand in their notice to start a business. They build the venture on evenings and weekends while a salary keeps the lights on. This arrangement — running a company while employed for wages — is now the most common way people enter entrepreneurship, and for many it is not a phase but a settled way of working. What researchers still struggle to explain is what finally tips a hybrid founder into going full-time.

The familiar answers all point at the venture: a better product, paying customers, growing confidence, less fear of failure. This study looks at the place almost no one examines — the day job itself. It asks a deceptively simple question. Does the support people feel at work make them more likely to walk away and become full-time founders, or less?

Conventional wisdom says supported employees stay put. The eight Swedish founders followed here tell a stranger story.

WHAT WE STUDIED

Joaquín Cestino, Ravinath Herath, and Emanuel Woodhouse Schmit tracked eight hybrid entrepreneurs in southern Sweden for roughly three years, interviewing each at least three times across 2021, 2022, and 2023 — 29 interviews in all. Every participant held a wage job and separately ran a registered business that had been trading for at least six months. The ventures ranged widely: car repair, music production, nutrition supplements, marketing consultancy, management technology.

The choice of Sweden was deliberate. In an advanced welfare economy where good working conditions are the norm, organisational support tends to run high — precisely the setting in which the researchers could watch that support do its work. The team used a grounded, qualitative approach, building theory from the cases rather than testing a fixed hypothesis.

Their anchor concept is perceived organizational support (POS): an employee's sense that the organisation values their contribution and cares about their well-being. POS is usually assembled from developmental opportunities, flexible working conditions, and supportive leadership. Listening to their participants, the authors added a component the literature had missed — *organizational approval for the venture*, the everyday encouragement employees received from bosses and colleagues for their side businesses. Founders were then sorted into a simple grid: high or low POS, set against an intention to stay hybrid or go full-time, with two people in each cell.

Crucially, the team did not take founders at their word about leaving. To count as intending to transition, a participant had to clear three bars: a sustained statement of intent to go full-time within three years, substantial time invested in the venture over the past year, and rising commitment to it. Two founders actually made the jump during the study. The researchers also grouped ventures by perceived potential — established ‘validated’ businesses with paying customers against early ‘developing’ ideas — and found, tellingly, that this had no bearing on who intended to leave.

It is a small, deliberately deep sample. It skews male, mirroring the typical profile of Swedish hybrid founders, and none of the ventures had meaningful outside funding. The authors are upfront that this limits how far the findings travel.

KEY INSIGHTS

Two engines drive the decision — and neither is the venture itself

Across all eight cases, two processes explained who intended to leave. The first the authors call *developing self-actualization opportunities*: the pursuit of work that lets people become who they feel they are meant to be. Jan, a court officer building a technology venture, wanted to create something he would be remembered for; Emil, a music producer, would do it out of sheer passion regardless of the money. The second process is *building transition capacity*: the practical ability and confidence to actually jump, assembled from general self-efficacy and hard-won entrepreneurial know-how.

Support can show people the door

Here is the uncomfortable part. Organisational approval for the venture — managers actively cheering on the side business — consistently pushed founders toward leaving. Employees who could not find meaning or growth in their day jobs poured that need into their ventures, and the encouragement they got at work made the venture feel more legitimate still. One participant, Kim, caught the irony plainly: her bosses backed employees' businesses because it was, in her words, “better to keep the employees happy.” The support meant to retain her was quietly loosening her ties.

It was not only the disengaged who leaned out. Founders with rich, developmental jobs — promotions, training, real responsibility — still intended to transition when their work passion lived only in the venture. A recently promoted manager could acknowledge an impressive CV and still feel that none of it was the thing he actually wanted to build.

Two routes to the same exit

The push toward transition arrived along two different roads. Founders with little to develop in their day jobs — a post-delivery worker, an interim teacher with no path to qualification — found self-actualisation only in their ventures, and their managers' blessing simply sped them on their way. Founders with genuinely developmental jobs left for a subtler reason: the work grew their competence and even their confidence, yet their passion never once turned up at the desk. Different starting points, the same destination.

The quiet anchor: circular access

So why did anyone stay? The founders who remained hybrid were caught in what the authors name *circular access* — a loop in which the job and the venture feed each other so tightly that prising them apart feels costly. A mechanic used his employer's tools and parts for his own repair jobs. A business developer found that the networks and methods from his day job were exactly what made his consultancy valuable, while his venture experience, in turn, made him more valuable to his employer. Each side props up the other.

This is the study's most practically useful idea. Self-efficacy spillovers and flexible hours build the capacity to leave; circular access quietly dismantles the reason to. When founders come to depend on job-acquired resources to run their ventures, even firm intentions to go full-time stall. The founders most thoroughly woven into their employers in this way were also the clearest about staying put — not because the venture was failing, but because the two halves of their working life had become genuinely hard to separate.

TAKEAWAYS

For anyone running a venture on the side — or managing someone who is — the findings overturn a few comfortable assumptions.

If you are a hybrid founder

- Do not hide the venture. In supportive workplaces, openly seeking approval for a side business strengthens it; concealing it forfeits a real source of support.
- Treat developmental opportunities as fuel, not a trap. Training and stretch assignments build general self-efficacy that spills into the venture — on their own, they rarely keep you put.
- Watch for circular access. If your venture quietly runs on your employer's tools, networks, or know-how, that dependency can keep you hybrid long after you meant to leave.

If you employ people with side ventures

- Recognise that approving a side business is a genuine form of support — and that withholding it reads as the opposite.
- A growing role is not the same as a meaningful one. If the work develops skills but never satisfies passion, your best people may still go.
- If retention matters, build deliberate overlap. Roles where job and venture share hard-to-replace resources make leaving more expensive.

IMPACT

The study reframes a long-running argument about job satisfaction and entrepreneurship. Researchers have debated for years whether it is unhappy employees who jump to founding. This work suggests the question was poorly posed. Satisfaction alone does not decide it; what matters is whether the job feeds a person's sense of self, and whether their venture has become entangled with the resources the job provides.

It also pushes organisational support theory in a new direction. POS has long been treated as a retention tool — value your people and they stay. By isolating organizational approval for the venture as a distinct ingredient, the authors show that POS can cut both ways, building the very capacity and conviction that carry an employee out the door.

There is a wider lesson here about what a 'good job' actually does. A job that develops people generously, trusts them with flexibility, and applauds their ambitions is, by almost any measure, a good one. This study simply notes that such a job is also the most effective launchpad an aspiring founder could ask for. The qualities that make employees thrive are not always the qualities that make them stay — and in economies where side ventures are commonplace, that tension is only going to sharpen.

The sample is general hybrid founders, not family firms, so none of this should be read as a claim about family business. The dynamics translate easily, though. Family companies are significant employers and frequent incubators of next-generation side ventures, and circular access is a familiar pattern — a younger family member whose fledgling business leans on the firm's suppliers, premises, or relationships. For owners weighing whether to encourage or quietly absorb those ventures, the study offers a useful lens.

The authors are candid about the limits: eight founders, one unusually supportive country, and few observed moments of real change despite nearly three years of fieldwork. They call for larger samples and quantitative tests of the two processes. The concepts are a foundation, not a verdict.

RECOMMENDATIONS

1. Map the dependencies between any side venture and the day job before deciding to transition — the overlaps that feel convenient may be exactly what is holding you in place.
2. If you lead people, decide consciously whether you are encouraging their side ventures or absorbing them; both are legitimate, but they pull in opposite directions.
3. Design roles for purpose, not just progression — meaningful work retains where promotions alone do not.
4. Test these patterns in lower-support settings, where the balance between staying and leaving may look very different from Sweden's.

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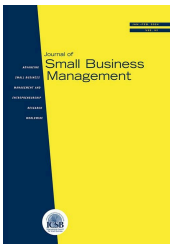
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