Extended Abstract

**Motivation.** Following recent calls for further research on entrepreneurship from a career and life stage perspective (Burton et al., 2016), we contend that entrepreneurship is a life-course-related choice possibly shaped by one’s family context. In particular, through a “family embeddedness” lens (Aldrich and Cliff, 2003), we study whether the decisions to enter and/or stay in entrepreneurship are affected by transitions into parenthood.

Recent intriguing evidence has documented the influence of children on their parents’ behaviors in (but not limited to) the labor market. There is evidence supporting that children, and particularly children’s gender, have an impact on the division of labor within the family (Lundberg, 2005), family expenditures (Lundberg and Rose, 2005), or family stability (Lundberg and Rose, 2003). Other studies focusing on CEOs report that daughters – by changing their fathers’ values – affect firm outcomes such as employees’ wages (Dahl, Deszo and Ross, 2012) or corporate social responsibility (Cronqvist and Yu, 2016). Evidence on how parenthood – and particularly child(ren)’s gender – affects individuals’ careers related to entrepreneurship is, however, still missing.

In parallel, the literature on family firms emphasizes that intergenerational transfer of control can be thought as one of the most critical decisions made by founders, who aim at preserving the “socioemotional wealth” of the business (Gomez-Mejia, Cruz, Berrone and Decastro, 2011) while choosing and nurturing a successor (Breton-Miller, Miller, and Steier, 2004). Transitions into parenthood are, thus, likely to shape individuals’ career choices related to entrepreneurship, by potentially changing the perspectives of intergenerational transfer.

By considering firstly how fatherhood and motherhood influence individuals’ values and career preferences, and secondly how the gender of newborns might affect the choices regarding intergenerational firm transfer, we investigate the effect of parenthood on individuals’ entrepreneurial dynamics. In particular, we ask how the decisions to enter (and persist) into self-employment are shaped by the gender of the founder’s child(ren)?

Furthermore, we investigate whether male or female entrepreneurial career dynamics are differently influenced by children (i.e., through different mechanisms).
Data and Methods. The analysis uses the Danish Labor Market Integrated Dataset (IDA), a matched employer-employee dataset tracking the entire workforce in Denmark and including yearly details on individuals, firms, and their respective link. Besides the focal individual, IDA includes information on each individual’s family, including detailed information on their children – if present (e.g., their gender, age, and other characteristics such as education).

Detailed information on individuals’ occupation and status in the labor market allows the identification of transitions into and out of entrepreneurship (self-employment and “employer” categories). We identify a sample of 213,800 individuals who become parents for the first time between 1992 and 1996, and track them before and after the first child is born. We estimate discrete time hazard models with unobserved heterogeneity to analyze how transitions into parenthood affect two main career choices: 1) entry into and 2) exit from entrepreneurship.

First, for those individuals who were in wage employment two years before their transition into parenthood, we investigate their propensity to enter entrepreneurship. Analyses at the household level will also be conducted to take into account transitions into entrepreneurship made by couples. Second, for those who were already entrepreneurs before becoming parents, we analyze how parenthood shapes their persistence in entrepreneurship – or, in other words, the decision to leave an entrepreneurial career.

By comparing how children shape these career dynamics in samples of men and women, we aim at inferring about the different mechanisms through which parenthood might influence individual choices regarding entrepreneurship.

Preliminary Results and Future Extensions. We find evidence that parenthood increases entrepreneurship. Moreover, in order to be able to infer causal effects, we rely on the randomness of newborns’ gender.

Preliminary results reveal that male children are more likely to trigger the decision to become entrepreneurs, but only for fathers. Current analyses are being performed at the household level (to address potential “copreneurship”, i.e. the emergence of new ventures following the collaboration between the focal individual and the spouse). Future analyses will explore the role of parenthood on individuals’ endurance in an entrepreneurial career, including start-up performance.

Our results, so far, confirm the importance of considering the embeddedness of family, and hint that personal values matter for choices related to entrepreneurial careers. Furthermore, our results suggest that expectations regarding intergenerational transfer of ownership might drive individuals’ decision to enter entrepreneurship in the aftermath of certain family-related transitions, such as parenthood.

Keywords: entrepreneurship dynamics, family, new firms, gender, parenthood
References


