

Discussion of “Minding Your Business or Your Child? Motherhood and the Entrepreneurship Gap”

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Overview of the Paper

- **Paper's hypothesis:** Childbirth affects negatively entrepreneurial outcomes.
 - **Key insight:** Mothers to spend more than optimal time in childcare.
- **Main innovation:** Impressive dataset that allows the author to really identify the hypothesis of the paper, and offer substantial evidence in favor/against several mechanisms.
- **Headline result:**
 1. Childbirth has substantial negative effects on women's founding rates and firm performance—large share of the gender gap in entrepreneurship.
 2. The impact spills over onto workers, who experience a decrease in earnings.

What do I really like about this paper?

There's a lot to like about this paper.

- Important research topic and question. It is critical to quantify drivers of gender entrepreneurial success gap.
- Thoughtful work (87 pages!) with really impressive data. Genuine effort to identify the hypothesis.
- I truly believe that the paper convincingly shows that mothers experience a decline in entrepreneurial activity (*intensive and extensive margin*). This draft deserves a space in a top journal.

Areas of improvement:

- Sharpen the hypothesis and contribution (*Comment 1*).
- Identify the mechanism (*Comment 2*).

Comment 1: Hypothesis and Contribution

- I think the paper could gain by taking a stronger stance on the driving mechanism/friction and sharpen the hypothesis.
- This is how I see the current draft:
 - The current hypothesis is *childbirth affects negatively entrepreneurial outcomes*. This hypothesis is well identified.
 - The paper then offers some evidence on the following mechanism:
 - ▶ risk preferences (-)
 - ▶ access to credit (+)
 - ▶ progressive gender norms (+)
 - ▶ household specialization (+/-)
 - ▶ Informal childcare (+)
 - ▶ formal childcare (+)

Comment 1: Hypothesis and Contribution

- The current literature shows that childbirth imposes a penalty in the labor market (Kleven et al 2021). and a current working paper shows that childbirth impacts performance of self-employed mothers (Core and Karpati, 2024).
- This existing literature suggests that the penalty is based on preferences that lead mothers to seek employment in family-friendly firms.
- Kleven et al (2021) would predict a decline in entrepreneurial success.
- But, in my view, this mechanism is **not consistent in the context of existing entrepreneurs** since they already own a firm and its control.

Comment 1: Hypothesis and Contribution

- My personal take is that the two key mechanism that may explain the childbirth penalty:
 - **Preferences** towards wanting to spend more time with children (think of a preference parameter in a utility function that equates labor versus leisure). Forced and unforced.
 - **External frictions** that lead mothers to spend more than optimal time in childcare.
- I would risk in trying to credibly quantify the size of these two mechanisms in explaining the childbirth entrepreneurial gap.

Comment 1: Hypothesis and Contribution

- I would then (potentially) lead the paper with this competing mechanisms and augment the paper's hypothesis.
- The reason I think that it is important to separate these two mechanisms is because of **policy reasons**. It's much easier to **relax external frictions such as lack of affordable childcare**, rather than preferences that are rooted in culture.

Comment 2: Mechanism

- How to identify/separate mechanisms? The **paper already** identifies several of these mechanisms! They are not the central evidence though.
- I would exploit the current techniques on informal and formal childcare together to try to identify the share of the penalty that is explained by 'external' frictions.
- But I think you could potentially push even more the identification of external friction by using a better identification for availability of childcare.
- For example, you can try to use a **law change to identify the availability** of formal childcare (e.g., roll out of the Quebec child care reform). I know this is not easy, but it could payoff if you find a credible way to identify the effect of availability of childcare.

Comment 2: Mechanism

- Identifying empirical preferences is more challenging.
- The evidence on **progressive gender norms** is a neat way to identify 'forced' preferences towards spending more time with children.
- Mothers may also experience a 'voluntary' change in preferences to want to spend more time with their children.
- Since you already have laid out a framework, you could also consider a (way more challenging alternative) in trying to estimate a structural model to pin down the mechanisms.
- Ultimately, it would be important to credibly identify how much of the entrepreneurial childbirth penalty could be alleviated by **alleviating externals friction** (eg, offering affordable childcare).

Conclusions

- Very important topic and research question.
- Amazing data!
- Solid work. Paper well written. Author tries to do a genuine effort to really identify the gender gap in entrepreneurial outcomes stemming from childbirth.
- Paper could really gain by pinning down the mechanism, take a stronger stance on the friction, and sharpen the hypothesis.