

# Swedish welfare state retrenchment and the call for women's entrepreneurship to fill the void

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## Abstract

The last two decades have seen major welfare state retrenchment in Sweden. The public sector, which used to be a large and stable employer for women, was downsized. Public schools and public health and care services were privatized. Customer choice models were introduced. The rhetoric connected to privatization stressed the unique opportunities for women formerly employed by the state to start their own businesses in this sector, now open for competition and private initiatives.

In this paper we ask what the results were. We discuss the results from a feminist perspective, i.e we ask if privatization and business ownership has improved women's situation on the labor market, or not. The paper draws together the research findings from our own empirical research (about fifteen different studies) as well as from research done by other Nordic scholars in the field.

We conclude that privatization and welfare state retrenchment has resulted in oligopolization and masculinization of the market(s), and that gendered practices in the public sector are reproduced in the private sector – women turned from low-wage labor to low-profit entrepreneurship. Women did fill a void, but it was not necessarily to their advantage.

## **Introduction**

As argued by many scholars, it is not sufficient to study entrepreneurship as a phenomenon isolated from its societal context (Welter, 2011), and context varies greatly between countries, making any country-specific findings hard to generalize globally (Ahl, 2004). Contextual factors include legislation and policies regarding entrepreneurship of course, but also the specific division of state and market in any country. Contextual factors also include how the public/private divide is configured which, as feminist scholars point out, tends to impact men and women's life chances differently (Folbre, 1994). Our case country, Sweden, still has a comparatively large state or government sector, but it has been subject to downsizing and privatizations over the last few decades. Comparatively more of "private" responsibilities (such as child care) are organized by the state than in many other countries, making it easier for mothers to join the labor market, but also providing many job opportunities for women.

Recent government policies in Sweden have aimed at increasing women's entrepreneurship, not least in sectors previously organized and owned by the state. The policies were claimed to result in many good things – revitalization and improved quality of public sector services and chances for women to start businesses in their areas of expertise (Proposition, 1993/94:140), a variety of providers giving customers real choice, competition for qualified labor giving women and immigrants a better job market with better working conditions and higher wages (Proposition, 2008/09:29), making the black cleaning market white and opportunities for women to buy household services they would otherwise do themselves thus making it easier to combine family and career (Proposition, 2006/07:94) – all of which ultimately resulting in increased gender equality (Henrekson, 2004).

But we argue that entrepreneurship, while claimed as the highway to an improved position in society for women (Henrekson, 2004; Orser & Elliott, 2015), is not necessarily so – at least not in the context of the Swedish welfare state (Ahl & Nelson, 2015). We draw together studies on women's entrepreneurship in Sweden and elsewhere from different theoretical fields to substantiate our point, thus addressing recent calls for contextualizing entrepreneurship research (Brush, de Bruin, & Welter, 2014; Welter, 2011). Our theoretical perspective and research interest is feminist – we are first and foremost interested in the effects in terms of changes in women's position in society, that is, changes in the gender/power order. Consequently, we use a social constructionist feminist perspective, in which gender is seen as an accomplishment and a relational concept (Butler, 1990; West & Zimmerman, 1987).

The paper is organized as follows: The first section describes the development of the Swedish welfare state and how it positioned women. In the second section we discuss how this was affected by policy changes in the aftermath of the financial crisis in the 1990s. In the third section we relate the arguments of ensuing policy calls for entrepreneurship, focusing especially on initiatives to interest more women in starting their own businesses.

Following this, we draw together the results of a number of empirical studies on women's entrepreneurship, our own as well as others', and discuss the effects for women's position in society. In the fifth and final section we draw conclusions in terms of the resulting gender/power orders and discuss how the policies position not only women vis-à-vis men, but also women vis-à-vis other women.

### **1. The “women-friendly” Swedish welfare state**

One of the most cited welfare state typologies is (Esping-Andersen, 1990, 2009). He was interested in the effects of different welfare state regimes on social stratification, distinguishing among them according to their degrees of *de-commodification*, that is, the degree to which an individual can maintain a livelihood without relying on the market. In Esping-Andersen's typology, Sweden is characterized as a social democratic (or Nordic/Scandinavian) model type, in which the state takes full responsibility for the wellbeing of its citizens. Sweden has a well-developed, publicly funded, universal health insurance system, unemployment insurance, and social assistance system, but the state also takes responsibility for children and the elderly, with public subsidized day care centers, public schools and universities, 18 months paid maternity and paternity leave, elder medical and social care, and the statutory right to stay home (also paid) with sick children for either parent – all financed through the tax system. The system makes it easier to combine paid work with family responsibilities than in many other countries.

The system also entails a very large public sector in education, daycare, and health care which has provided many employment opportunities for women. In 1987, 55 percent of all employed women worked for the public sector (Statistics Sweden, 2014). It has resulted in high labor market participation for women (81 per cent of women versus 87 per cent of men were in the labor force in 2013), and a comparatively low degree of social stratification overall. But it has also created a highly gender segregated labor market. Women are concentrated in lower paid jobs, primarily in the service sector and in the public sector, and women still take the primary responsibility for child care and household work, resulting in a double shift for women – one paid and one unpaid (Statistics Sweden, 2014). Women are also

heavily under-represented in leadership positions in the private business sector. Only six per cent of listed companies had a woman CEO in 2013, and only 4 per cent had a woman chairperson (Statistics Sweden, 2014).

This is not addressed by Esping-Andersen's typology. De-commodification only refers to the independence of the individual from the market, leaving the issue of dependence of a person on another person or persons unaddressed. The typology has therefore been widely criticized for ignoring gender relations, unpaid caring work and the internal division of labor within the family. Feminist scholars as a result have developed alternative or modified typologies to address the shortcomings of gender-blind welfare state theorizing, using alternative empirical indicators, by taking women's unpaid work in the family into account (Boje & Ejrnaes, 2012; Budig, Misra, & Boeckmann, 2012; Folbre, 1994; Lewis, 1992; Melby, Ravn, & Carlsson Wetterberg, 2009; O'Connor, 1993; Orloff, 1993; Sainsbury, 1996, 1999, 1994).

Any one model will not explain all country variations. The devil is in the detail – there are simply too many variations between countries in the detailed configurations of the welfare state (O'Reilly, 2006). But what all models predict is that the construction of the welfare state will have consequences for women's life chances.

Even if much remains to count Sweden as a fully egalitarian society, Sweden does stand out in international comparison. The generous family friendly policies, individual taxation and women's high labor market participation have made it fully possible for a woman to become financially independent from a significant other. This, in combination with women's high representation in public elective bodies, has earned Sweden a consistently high position in international gender equality indices (UNdata, 2012).

The Swedish – or rather Nordic – welfare state has been called the women-friendly state (Hernes, 1987). In contrast to the situation elsewhere (MacKinnon, 1989) Swedish feminists worked *through* the state and the elective system, rather than in opposition to it; a so called *state feminist* approach (Kantola & Outshoorn, 2007). Women have held anywhere from 40 to 47 per cent of the seats in the Swedish parliament since 1994 (Statistics Sweden, 2014). Working through the political system entailed political compromises, of course, but also small, reformist step forward, which eventually created the “women-friendly” welfare state which sets Sweden and the other Nordic countries apart from much of the rest of the world.

## **2. Swedish welfare state retrenchment**

The expansion of the Swedish welfare state came to a halt when the country was hit by the financial crisis of the early 1990s. The tax base eroded with increasing unemployment, and an income taxation among the highest in the world reduced consumption too much to sustain the economy. Large cut-backs in public spending ensued, but also restructuring of the public sector according to the neo-liberal ideology of the 1980s US and UK politics. These changes were largely carried through by a social democratic government, but made even more thoroughgoing by the liberal/conservative government coalition that took office in 2006 and was replaced only recently, in 2014, by a social democratic/green party government.

The first changes concerned privatization of publicly owned companies. Businesses within banking, forestry, or pharmaceuticals were sold during the 1990s and public real estate, and the railroad and telecommunications were privatized during the following decade (Gratzer, Lönnborg, & Olsson, 2010). State monopolies in pharmacies and motor-vehicle inspection were dismantled as late as 2010 and 2012.

But not only businesses, but also operations traditionally considered as firmly belonging to the public domain were privatized, beginning with the public school system. With the exception of a handful of private owned primary schools, available only for the very wealthiest, all education was public and non-tuition in Sweden. School reforms up till 1992 aimed rather at creating an egalitarian system where the same standard of education should be available everywhere and to everyone. But in 1992 a school voucher system was introduced. To counteract risks of increasing inequality, it was accompanied by a prohibition to charge tuition for education. So, in this system one could open privately owned schools that were financed by the school voucher, paid for by tax money.

The reform has resulted in many private providers of primary and secondary education. Statistics from *Skolverket* shows that 20 per cent of preschoolers, 14 per cent of children in primary school and 26 per cent of high school students were enrolled in private schools in 2013 (Skolverket, 2014). After Chile voted to modify their voucher system, Sweden remains, to our knowledge, the only country in the world allowing for-profit, privately owned schools that are financed by tax money. This has caused much debate, since a number of private equity firms based in tax havens have invested in Swedish schools with the aim of selling them at a profit. Another much debated result is increased segregation among students – already privileged parents choose schools accordingly, while underprivileged tend not to exercise the same choice (Beach & Sernhede, 2011; Östh, Andersson, & Malmberg, 2013).

After the school reform followed partial privatization of public health care according to a similar logic – private providers may open businesses that are publicly financed. Services such as cleaning or catering for municipalities, hospitals and care centers were first outsourced. Then followed outsourcing of healthcare and care services. Two different models were employed. One was regulated by the Public Procurement Act, which allowed private firms to tender bids for different contracts. The other one was the customer choice systems in care and health care, which allowed the customer or patient to choose her service provider freely. The service provider was then reimbursed by the municipality, based on how many customers they attracted. A tax-funded public ‘market’ resulted. Since 2009, such a system, in accordance with *The Act on System of Choice in the Public Sector* (2008), is advocated and stimulated for use in municipal care services in the 290 municipalities (Swedish Association of Local Authorities and Regions, SALAR). In primary health-care, the Swedish government made it mandatory in 2010 to introduce such systems in all Swedish counties. The result is a mix of private and public providers, reimbursed by the county councils and municipalities. For example, in 2011, 42 per cent of all primary care centers in Sweden were privately owned (Socialstyrelsen, 2013).

Another reform of relevance for our discussion was the introduction of a 50 per cent tax deduction of labor costs for services performed in the home, such as cleaning, by a registered company. The reform was intended to make a largely black market white, and was also a way to create business opportunities as well as good and secure entry level jobs for people far from the ordinary labor market. It was further argued as a way to enable working women to avoid working double shifts by making household help more affordable. The reforms were accompanied by tax breaks constructed in such a way that those with full time, well paid employment gained the most. There were no tax breaks for the unemployed, the sick or the retired, contributing to sharply increasing income inequality in Sweden since 2006 (OECD, 2014).

All in all, the retrenchment of the welfare state and the transformation of the public sector created a different job market situation for women. Public sector jobs that used to be plentiful, secure, and of good quality have become more difficult. Increased productivity demands resulted in tougher working conditions, more temporary jobs, more job surveillance and also more and longer sick leaves, including burnouts. In some particularly hard hit hospitals, nurses started to protest by simply quitting. The public sector seemed no longer the secure and reliable employer it used to be, which affected women more than men.

### 3. The invocation of entrepreneurship

Part and parcel of the reforms detailed above was an expectation that the private sector would step in where the state stepped out. While “entrepreneur” was rather something the cat dragged in 1960s and 70s rhetoric (Czarniawska-Joerges & Wolff, 1991), the status of this figure was greatly enhanced toward the end of the century when he entered the stage as the envisioned savior of the economy.

Igniting this change was the path breaking finding of Birch (1979) that most new jobs were not created by large multi-national corporations, but by the many small and new firms. But the emerging discourse on entrepreneurship was not only about job creation, but also about deregulation, privatization and exposing the public sector to private sector competition. It further entailed a major transformation in the way the individual was conceptualized. People were no longer primarily perceived as citizens, but as producers, entrepreneurs, and consumers. Du Gay (2004) speaks of a new ideology, *entrepreneurialism*, infusing all sectors of society. Neo-liberal ideas of private enterprise and the primacy of the market meant that ideas of individual freedom were re-conceptualized as freedom of choice, or perhaps rather, freedom to consume (Harvey, 2005; Lemke, 2001).

How did women enter into this equation? The entrepreneur is a decidedly male figure in both public and scientific discourse. Women are typically conceptualized as the exception, or as “different” from an unstated male norm (Ahl, 2006; Ahl & Marlow, 2012). Such exceptionalism is also present in Swedish political discourse on women’s entrepreneurship. The Swedish government has run programs to support women’s entrepreneurship since the early 1990s. Financing for these programs has actually been but a fraction of general entrepreneurship support, which due to its design and the gendered business landscape largely benefitted male owned businesses (Nutek, 2007; Tillväxtverket, 2012). The programs specifically directed to women have entailed business advice (with women advisors), special resource centers for women, business training, role model programs, prizes, competitions, a “beautiful business” award, project financing and micro loans (Pettersson, 2015).

Ahl & Nelson (2015) analyzed the political argumentation for these programs over a 20-year period (1993-2012), and found a shift over time. The very first text included formulations about entrepreneurship as a way to gain financial independence and freedom of patriarchal control for women (Friberg, 1993). As time went by, however, arguments of gender equality vanished and were replaced by arguments centering squarely on economic growth and job creation. Women owned only about 25% of businesses at the time and were therefore conceptualized as an under-utilized resource in economic growth. Throughout the

texts women were also seen as able to make a unique, gender-specific contribution, in which the privatization of the women dominated public sector was made part of the equation. The government proposition in 1993 suggested that more women owned businesses in services previously dominated by the public sector would provide both jobs and essential services, particularly necessary to keep the attractiveness of geographic areas subject to depopulation. At the same time they would ensure population renewal by giving the women an opportunity to stay in these areas (Proposition, 1993/94:140). There were clear expectations that women employed in the public sector would be particularly fit to run businesses in the fields that were now becoming open for the private sector competition. By starting a business they would, so to say, solve their own upcoming unemployment problem in the making.

The government proposition in 2001 added yet another task. In the decision to finance regional resource centers for women the government listed as one of many tasks for the centers to participate in the regional development work carried out in public-private partnerships. The resource centers were to increase the partnerships' level of proficiency in gender issues (Proposition, 2001/02:4). Related is recent government policy on the non-profit, civil sector, where non-government organizations like churches, the Red Cross and so on are expected to help solving social problems of different kinds that were previously handled by government agencies (Wijkström, 2012). Needless to say, these organizations are women dominated.

The introduction of tax deductions for household services in 2007 was tied in to the discourse of entrepreneurship. The motion to the parliament argued for the deduction as a way to alleviate women's double burdens and thus improve their health, and for making black market jobs white and contribute to business growth. It was further proposed that it would be a means for job creation for women, both as business owners and as their employees (Motion, 2003/04:Sk426).

So, in summary, women seemed eminently useful: they were seen as good for economic growth, for job creation, for privatization of services, for population renewal, for informing civil servants on gender issues, and for voluntary service work in the third sector. But women were not in the first instance considered as prime targets for starting firms in sectors with high growth and earnings potential such as high tech or life sciences. Meanwhile, policies remained silent on the subject of men and their possible contributions. The gendered division of housework was taken for granted, so housework came in addition to all other tasks. Now, were all these expectations met? The next section draws together available research to discuss the question.



#### **4. What was the outcome for women?**

In the following we summarize research on women's entrepreneurship in Sweden related to the restructuring of the public sector and the ensuing call for entrepreneurship. The discussion is organized according to empirical context, beginning with an overview of available statistical information from Statistics Sweden (2014).

##### ***4.1 Women's participation in the labor market and in self-employment: changes over time***

Women's participation in the labor force has been around 80% since the 1990s, however, unemployment rose from just a few percent to 6,8 per cent by 2013, reflecting a more volatile labor market.

Sweden has a highly gendered labor market – according to Statistics Sweden (2014) 72 per cent of all working women work in occupations that are dominated by women, nursing (93 per cent women) and home-based personal care being the largest by far. Conversely, 68 of working men work in male dominated occupations. Only a slight decrease has occurred since 1985 when the figures were 77 and 83 percent respectively. Women have made more inroads into male gendered occupations than the other way around.

There is a corresponding change in sector of employment. While in 1987, 55 percent of all employed women worked for the public sector, this figure decrease to 47 per cent by 2013. Statistics Sweden (2014) explains the decrease in public sector employment to cutbacks in central government as well as the transformation of public utilities into private enterprises during the 1990s.

Statistics Sweden reports sex-divided self-employment statistics since 2007. There were 80 000 self-employed women in 2012, representing an increase by 2000 since 2007 and comprising 36% of all self-employed. Men decreased their self-employment by 10 000 during the same period. The same gendered pattern is present as in the labor market – the only sectors with more self-employed women than men were social work, personal and cultural services, and education.

In sum, there has been very little change in gendered employment patterns, a notable decrease in public sector employment and a small increase in women's self-employment. These are overall statistics, however. To get more detailed knowledge we need to look at the results of in depth studies.

#### ***4.2 Weak increase of women's businesses ownership in former publicly owned sectors***

Sköld (2015) conducted a longitudinal analysis of individual level census data over a 25-year period starting 1993, focusing specifically on women-dominated industries by employment that were affected by the transformation of the public sector in Sweden, such as social care, education, and health care. She studied changes in men's and women's small business ownership and found that the politicians' wishes for more women owned small businesses were met on an aggregate level, but on close inspection, men still increased their business ownership more than women did in 10 of 16 studied sectors, and women were still underrepresented as business owners in relation to their representation as employees in 14 of the studied sectors in 2008. Only in "childcare" and "other health care" (such as a private physiotherapist) did women's representation as business owners equal their share as employees (B. Sköld & Tillmar, 2015).

A further inquiry into the childcare sector where women comprise 90-95 per cent found, however, that men employed in this sector still started businesses to a greater extent than women did, and there was also an influx of men from other lines of businesses into the child care industry. Men were more likely to start a limited company and more likely to sell it for a profit after a few years than were women. Women with small children, but not men, were also more likely to start a child care business to combine work and family. The author labels the business owners "business men in child care" versus "self-employed women child care workers", noting that the male norm of entrepreneurship seemed to reproduce itself even in the most genuinely feminine gendered businesses of them all (B. Sköld, 2015).

The procedures of privatization (or actually, the creation of a public market) also involved structural constraints that worked against the opportunities for women employed in the public sector to start their own firms in all but three of the studied sectors. In "other health care", "open health care" and "dentistry" there was already a pattern of small business ownership and a private market, combined with professionalization of services, which offered legitimacy and acceptance for new small businesses. But in sectors such as "hospital care", "secondary schools" and "nursing homes" the result was instead few, but large, new businesses, that operated on economies of scale (B. Sköld, 2015).

#### ***4.3 Obstacles for women when outsourcing municipal services***

As mentioned above, the creation of public markets in Swedish municipalities follow either the Public Procurement Act where companies bid for contracts, or a customer choice system, where customers choose freely from a list of approved providers that get reimbursed from the

municipality depending on the number of customers. A number of detailed case studies have been carried out in Linköping, a large Swedish municipality on the implementation and outcome of these reforms. Sundin & Rapp (2006) examined what happened to the municipality's 500 janitors when cleaning was made subject to private sector competition. Two companies were started – one by a man, who cut costs, developed the services and marketed them successfully also to the private market and later cashed in his investment when he sold the firm to a large cleaning company, and another by a personnel cooperative (mostly women) that faced one difficulty after another, made a loss, and ended up selling to a larger, private firm at a loss. The municipality gave these two firms different conditions at start-up – they favored the man. The janitors, now employed in private companies faced harder working conditions and lower salaries (Sundin, 2011; Sundin & Rapp, 2006). The cleaning business competes on price and is by now oligopolized in Sweden, which means that large businesses are able to offer a low bid to corner a market. This disfavors startups by small and medium-sized companies – they cannot compete when large units are outsourced with tough price competition and short contract periods (Tillmar, 2004).

Sundin & Tillmar (2010) followed the same municipality's 2007 introduction of the customer choice system in home-based elder care. The municipality aimed for a multitude of providers and many options to choose from for the elderly, while also aiming for favorable outcomes in quality and cost. They also thought that a customer choice system would favor small companies, since they did not have to go through a cumbersome bidding process. However, the design of the system mandated that those elderly who did not make an active choice would be assigned to the company which maintained services for the municipal service flats in the area in which they lived – and these contracts were still given through the Public Procurement Act. The result was that one large international company made a zero-sum bid for the service flats in the city, and hardly any of the 4000 elderly made an active choice. They wanted to choose a person, not a company. So, the contracts for the city-dwellers were consequently assigned to the previously mentioned zero-sum bidder. In the end, five of 14 businesses were owned by men and these businesses accounted for about 97 per cent of the service hours provided. The authors conclude that even if the municipality was earnest in their wishes for many women owned SMEs, the bidding procedures they set up favored large scale businesses, resulting in a masculinization of the sector, both in numbers and kind. A rationality of care was replaced by a rationality of economic efficiency (Sundin & Tillmar, 2010). Thörnquist (2014) adds that the customer choice system in which remuneration is set at a low level and companies are to compete on quality to get authorized, there is a tendency for

underbidding and for the use of cheap, often less qualified labor as well as hard working conditions. Small companies also have difficulties competing with larger companies with better administrative resources.

So, neither public procurement nor customer choice resulted in a variety of women-led SMEs, quite the contrary. Economies of scale, high transaction costs, short contract periods, tough price competition, complicated rules for tenders and in some cases highly regulated professions created very difficult entry obstacles (Forssell & Norén, 2006; B. Sköld & Tillmar, 2015; Sundin & Rapp, 2006; Thörnquist, 2014; Tillmar, 2004, 2009).

#### ***4.4 Oligopolization and masculinization in the school market***

As mentioned earlier, 20 per cent of preschoolers, 14 per cent of children in primary school and 26 per cent of high school students were enrolled in privately owned schools in 2013 (Skolverket, 2014). Ownership is differently structured at the different levels. 93 per cent of preschool owners have only one each of the country's 2576 private preschools, and one in ten owners has a primary school as well. The largest owner has 99 preschools and also runs primary schools. Many preschools are run as parent cooperatives, more so in small towns than in the big cities.

At the primary school level there has been a consolidation of ownership. While ownership is still widely spread – 581 owners have together 792 schools – 36 per cent of students enrolled in private schools go to one of the 155 schools owned by the ten largest owners. The typical owner has a limited company, and some of the largest ones are owned by private equity funds.

Owner concentration at the high school level shows a similar pattern: Limited companies dominate completely and over half belong to education concerns, who engage two thirds of all students in private high schools. The ten biggest owners have half of the market. Unlike at the preschool level, fewer owners are directly engaged in education – there is a substantial component of private equity firms, some of which are foreign based. The statistics from Skolverket (2014) cited above thus show the same tendencies to the creation towards large oligopolies as in the elder care market, even if the numbers are not as startling. It does not give any information about sex distribution of owners, though. In Sköld (2013) figures are reported from 2008, when women business owners in primary school education comprised 67 per cent and in high school 38 percent. Sköld makes the point that women are still underrepresented as owners in relation to their share of employment which was 78 and 54 per cent respectively. However, her figures only include men and women who own their own

company, so the large holding companies and corporations with many shareholders that dominate the market are excluded. Women's ownership in relation to market share is thus most likely much lower. Owner information for these companies is not easily available, but information on CEOs and chairpersons are available in the company data base "allabolag.se". A search in May 2015 on the ten largest high school concerns listed in Skolverket's (2014) report reveals that eight chairpersons and nine CEOs were men. It is the smallest concerns (with 3 and 4 schools respectively) that featured at least one woman. The eight school concerns controlled by men (in 2015) had 51 per cent of students in 460 private schools in 2013.

To conclude, privatization of schools have offered many women an opportunity to start a business, but relatively more men have done so, and men also seem to control the businesses that dominate the market.

#### ***4.5 Tax deductions for household services: more business but precarious employment***

If the previously discussed reforms seem to be somewhat of a disappointment for those who wanted more women entrepreneurs, tax deductions for household services appears to be a success story. The number of households deducting half of the labor cost for household services – mainly cleaning - has increased every year since the introduction in 2007. Women are more likely to buy cleaning than men, particularly 35-45 year-old women with children, but otherwise the use of tax deductions for household services increases with age – in many instances it is used as home help for seniors, replacing or supplementing municipal care services. Unsurprisingly, it is used more by wealthy people than by poorer ones (Gavanas, 2013; L. Sköld & Heggeman, 2012).

The statistics do not distinguish between businesses who use the tax deductions or businesses who sell their services to the municipalities through the customer choice system (many do both), but Statistics Sweden reports altogether 950 new cleaning businesses from 2007 to 2010 which represented an increase by 24 per cent. 59 per cent of the new businesses were women owned in 2010, and 63 per cent of the new businesses were owned by immigrants. Immigrant women thus owned 40 per cent of all the new businesses (Håkansson, 2012). In many instances they also used their national origin as a market niche by marketing a certain ethnicity or language skill as an advantage, and/or marketing their services to a targeted ethnic group. The same pattern was found in a case study in Linköping municipality (Högberg, forthcoming). Pettersson & Hedberg (2013) interviewed 20 such business owners and found that besides a desire for independence and self-determination, these entrepreneurs

were also strongly motivated by a desire to provide *better* services to their customers than the municipalities did. Employment in the cleaning sector did also increase more than in other service sectors, particularly for immigrants who in 2010 constituted 40 per cent of employees in the sector (Håkansson, 2012). The sector is heavily women dominated in terms of employment, so new job opportunities for women far from the labor market were indeed created.

However, the seeming success might be a mixed blessing if aiming for increased equality in terms of gender, class or ethnicity. Åberg (2013) shows how reforms intended to increase private consumption such as lowered wage taxes or, indeed tax deductions for household services has increased income gaps in Sweden and also, contrary to previous trends, led to increased job polarization, particularly since 2007. The period before 2000 was characterized by upgrading but the period after has seen a large increase of low paid job in the service sector as well as an increase of highly qualified jobs, while jobs in the middle range are disappearing. Today more people have money in their pockets and can afford to buy services they previously did themselves, particularly since some of these services are subsidized by the state. Gavanas (2013) discusses, however, that the hopes of transforming a black cleaning market to a white market with secure job opportunities were only partly met. Most of the black market is still there, while there has been a growth of a white market, but with precarious employment. Meanwhile, the black market has become even more marginalized, and there is often a shady line between the two – it is not uncommon that suppliers on the white market use black market subcontractors, disrupting fair competition by pressing wage costs down. The black market subcontractors in turn exploit illegal immigrants who are in extremely vulnerable positions since they have no recourse to the social or judicial system. Employees are seldom unionized and many small cleaning companies do not have collective labor market agreements. Thörnquist (2014) holds that the clock is turned back regarding labor market conditions and job security, and those with a weak labor market position are hit first.

So, household services offers job opportunities for many immigrant women, but the jobs are often precarious, both for the employees and the business owners so there is a risk that gender, class and ethnic polarization on the labor market will be here to stay.

## **5. The reproduction of inequalities in the name of the market**

To summarize the results, it appears that the government's hopes for the results of reforms in the name of women's entrepreneurship were only partially met, at best, and there were some

unintended consequences. More businesses were indeed created, but men ended up owning the largest ones with the biggest market shares. Women's businesses continued to be small and in market sectors and market positions with lower chances for profitability. There was no change of the gendered business landscape – the gendered division of labor continued whether in positions as owners or employees.

The reforms were intended to increase the possibilities to choose your provider, but it seems as if the desire to make an active choice was somewhat overestimated, at least judging from the number of elderly who chose a care provider in Linköping. There is indeed a proliferation of suppliers of former public services, but it is a matter of debate whether quality has improved or not. In the case of elderly care and cleaning services, it seems clear that the system has forced cost cutting and underbidding, resulting in worsened instead of improved labor conditions for the employees. The black cleaning market did not disappear, but became even more exploitative. This is a far cry from improving women's position in society, we hold.

Further, the policies did not address the issue of class, in our case inequalities *between* women. They rather took it for granted that gender equality would improve if more women could have a career on the same terms as men by buying household services, and if more women (and immigrants) could start a business or get a job by providing these same services. The propositions did not problematize that they talked about different groups of women. The results showed a reinforcement of social, as well as class and ethnic divisions among women. As Bourne (2010:23) puts it ...[it supports] women who are climbing to more powerful positions in the corporate world, but it cements other women to the part-time menial floor". Moreover, it reproduces an ideology that household work is women's work.

The invisible elephant in the room is of course the category men. Nowhere in the policies are men's businesses, or men's work, or men's responsibility for household work mentioned. Women's lack of gender equality seems to be a concern for women and something to be rectified by women, on market terms. But leaving this to the invisible hand of the market, to rational choice and self-interest does not seem to suffice. The "market", indeed, has long appropriated women's free labor in order to function. Folbre (2009:59) cites one of the most famous passages in Adam Smith's *The Wealth of Nations* "It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner but from regard to their self-interest" adding that "Smith neglected to mention that none of these tradesmen actually puts dinner on the table, ignoring cooks, maids, wives, and mother in one fell swoop". In fact, it was Smith's own mother who put dinner on his table (Marçal, 2015). Neo-

liberal policies' great belief in the market seems unwarranted. "Women's work" is overall not better paid in the private sector than it was in the public sector. Indeed, the public sector provided better working conditions with stable employment contracts and wages. Gendered assumptions of work and the value of work is perhaps the real invisible hand at work.

There is yet another unintended consequence. Wolf (2013) makes the point that even if women were always divided by class, all women had in common that they were discriminated by law, regulations and social customs based on their sex, which made a unified women's movement possible. In fact, it was the upper classes that organized the suffragettes. Today, the upper 20 per cent of American elite working women (in terms of income) are leading lives that are very similar to men's lives. They have similar education, careers, and interests and spend their lives in close interaction with men. Such lives are made possible by the purchase of services from the lower 20 per cent of women, who live lives that are still heavily gender segregated. Wolf talks about the return of the servant classes. The elite working women have much more in common with elite working men than they have with other women. The basis for a solidary women's movement is thus quickly eroding. Recent market based government policy in Sweden risks having the same effect. We might find ourselves in a situation where the support for state feminist intervention, such as the frequently (but so far unsuccessfully) suggested split of the parental insurance will vanish, thereby putting the Swedish welfare system as we know it in jeopardy.

## **6. Conclusion**

This paper showed that neo-liberal government reforms in Sweden that intended to improve women's position in society by exposing part of the public sector to private sector competition had mixed, and often negative results. More women-owned businesses were created, but old gender hierarchies were recreated and new ones, often on grounds of ethnicity as well, resulted. Moreover, the basis for a solidary women's movement risks erosion, putting the Swedish women-friendly state in jeopardy. We contend that the reasons are at least three: an unrealistic belief in the market mechanism, disregard of the role of entrenched gender roles and expectations, and exclusion of men's responsibility for household work from the design of the policies. We recommend that policy makers do pay attention to these three reasons and amend policies thereafter.



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