Intention to leave within family versus nonfamily firms:
Exploring the effect of investment in employee development

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The purpose of this study is to examine how perceived investment in employee development mediates the relationship between family firm status and intention to leave. Family firms account for 71% of the country's total businesses, therefore one can conclude that they are an important determinant of the Dutch economy. However, there are contradicting views from multiple researchers about family firms. They highlight the benefits and downsides of working in a family firm. Moreover, the criteria a firm should meet to be classified, as a family firm is inconsistent within the literature. Therefore, the characteristics and definitions of a family firm are first analyzed. From this, questions about whether these characteristics influence the intention to leave of an employee, and what could be a determinant of this consequence arise. Perceived investment in employee development appears as a possible explanation for the relationship between the status of a firm, family or nonfamily firm, and the intention to leave of an employee. In addition, researchers do not agree on whether a family firm invests more or less in their employees than a nonfamily firm. Therefore, the perceived investment in employee development needs a closer look with regard to the differences of these practices within family and nonfamily firms.

To investigate if perceived investment in employee development can explain the relationship between family firm status and intention to leave, a quantitative study is conducted. Data retrieved from 39 companies, which accounted for 202 respondents, are analyzed using regression analysis. Results showed a small negative correlation between family firm status and intention to leave. Moreover, a medium negative correlation between perceived investment in employee development and intention to leave, and a small positive correlation between family firm status and perceived investment in employee development are found. Furthermore, results show that family firms invest more in their employees than nonfamily firms and more investment in employees leads to a lower intention to leave. On the other hand, no significant relationship was found between family firm status and intention to leave. Therefore, the mediating effect of perceived investment in employee development could not be tested.

Since it is found that family firms invest more in their employees, nonfamily firms could reconsider their employee development practices. Also, the importance of employee development is established, and therefore, firms could see this as an important determinant in the decision making process of an employee to leave the firm.
family firms. The following text is a summary of the MSc thesis.

If you are interested in the master thesis you can contact the Tilburg Institute of Family Business via tifb@tilburguniversity.edu and request a pdf file.