

# Reflections on the F-PEC Scale of Family Influence: Clarifying Its Distinctive Contribution

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With the 2002 publication of their article, “The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem,” Astrachan, Klein, and Smyrnios provided a needed boost to advancing our understanding of how family businesses are defined from an academic standpoint. Briefly, their article reviewed and critiqued not only the many academic definitions associated with family businesses, but more importantly provided a roadmap toward a theoretically derived empirical scale that could be used by future studies to test the relationships between the family, the business, and important theoretically-driven outcomes.

At that time, family business definitions were often the result of the choices family business scholars wished to make, either from a research design or from a research question standpoint. For example, a family business research study may have examined or compared family versus nonfamily businesses, and thus an artificial or perhaps arbitrary dichotomy was created to categorize these firms, using some a priori definition. Alternatively, creating an overly complex definition to aid in a study of family firms created challenges associated with generalizability, or perhaps with the degree to which such a definition could be operationalized for empirical testing.

Using these challenges as a guide, Astrachan et al. (2002) advocated for a parsimonious, multidimensional approach to aid family business research that emphasized the degree to which the family influences the business along three different continuous dimensions. These three dimensions are (a) the role of power (via ownership, governance, and management participation), (b) the role of experience (via the generational characteristics associated with the business), and (c) the role of culture (via the family and business value systems that permeate the business). Each of these dimensions provided added clarity to how the family’s influence within a firm can make it more or less associated with the concept of “a family business.”

The F-PEC dimension of Power focused heavily on the degree to which the family’s presence within the

ownership structure, or the degree to which the family was involved in the governance of the firm, gave it the structural or organizational authority and control to influence the strategic actions the firm engaged in. The dimension of Experience was more strongly related to the influence on the firm that is gained from long-term family engagement. As the firm moved from one generation to the next, the knowledge and experiences gained would translate to a stronger influence on family-centered aspects of the family business. Finally, the Culture dimension captured the deep and prevailing values, expectations, and goals associated with the family’s own value systems, and how those value systems influence the direction of the firm going forward. Each of these dimensions conceptually developed within the Astrachan et al. (2002) study were associated with particular measurable characteristics within the respective firm. Moreover, a subsequent study designed and validated these characteristics and scale items, using a large sample of firms, such that a theoretically useful empirical measure could be used to advance this concept of family business influence within firms (Klein, Astrachan, & Smyrnios, 2005).

The impact of the conceptual and empirical development of the F-PEC was considerable, but perhaps more important the concepts behind the F-PEC have inspired numerous research streams within family business. In fact, it could be argued that the degree to which the three dimensions that comprise the F-PEC scale have been expanded upon is perhaps its most lasting contribution.

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For example, the dimension of Power, which focuses on ownership and governance, continues to inspire research on the role of family governance effects within family firms (e.g., Madison, Kellermanns, & Munyon, 2017). Likewise, considerable research has led to a further exploration of the dimension associated with Experience, which examines the generational advantages associated with family businesses, to include the role of subsequent generations and firm performance (e.g., Arteaga & Menendez-Requejo, 2017). Finally, family business scholars continue to explore the role of family values as they relate to family firms, and the degree to which family values influence both the family business and the family itself (e.g., Zellweger & Dehlen, 2012). More recently, a research perspective drawn from a family's ability and willingness to be involved has also been shown to affect firm behavior, which is also grounded within an expansion of the three F-PEC scale dimensions. This perspective, combined with the intentions and motivations that drive the involved family to influence the firm's behavior, suggest that there are differences between these firms and those without family involvement.

Overall, Astrachan et al.'s (2002) study continues to inspire research within family business scholarship, with continued citations associated with the concepts of family influence with a firm. In fact, their study remains one of the most highly cited research studies within the family business research domain.

Long-term, while family business scholars continue to dive deeper and deeper into the characteristics of family businesses, and compare those characteristics with other types of firms, the fundamental insights gained from the F-PEC studies will continue to echo within this research field. A thousand-mile journey has begun toward fully understanding the distinctive behavior of firms with family influence, and the F-PEC scale has been an important, first step.

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