Psychic Distance in the Buyer-Seller Relationship: Insights from a Systematic Literature Review

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ABSTRACT

Purpose – The purpose of this paper is to systematically review and critically examine how psychic distance (PD) influences the buyer-seller exchange relationship.

Design/methodology/approach – A two-stage systematic review of the extant literature was conducted focusing on peer-reviewed journal articles published during a 40-year period – from 1980 to 2023.

Findings – A systematic analysis of 67 journal articles reveals that research on PD in the buyer-seller relationship is a vibrant and rapidly growing stream of the broader international marketing domain, and that it is theoretically, methodologically, and thematically diverse. The findings also highlight several literature trends and shortcomings, as well as the complex nature of the relationship between PD and the buyer-seller relationship.

Originality/value – Based on the systematic literature review, we developed research suggestions that raise exciting new research questions for the academic research community and help promote future theory advancement within the international marketing context and other related fields.

Keywords: Psychic distance, buyer-seller relationship, systematic literature review

1. Introduction

The international buyer-seller relationship has come to dominate contemporary discourse on value creation and capture in international business (Samiee et al., 2014). At the heart of this discourse, PD—the perceived difference between a home and a foreign market is one of the most significant concepts in the international business and marketing literature

(Griffith and Dimitrova, 2014; Shenkar, 2012; Zaheer et al., 2012; Katsikeas, Skarmeas and Bello, 2009). The salience of PD in nurturing and developing international buyer-seller relationships becomes more pronounced when a country's culture or environmental differences appear to interrupt information flows between firms and their target markets (Johanson and Wiedersheim-Paul, 1975), in ways that make it problematic for trade partners to sustain and successfully channel operations (Bello, Chelariu and Zhang, 2003).

Scholars have made a great deal of progress in probing and detailing its impacts on buyer-seller relationship exchanges (Katsikeas, Skarmeas and Bello, 2009; Skarmeas et al., 2008). While some effort has been made to review this body of research, the emphasis has always been on the behavioural facets of buyer-seller relationships (Aykol and Leonidou 2018) or exploring a particular dimension of the buyer-seller relationship, such as relational quality (Leonidou et al., 2014). To the best of our knowledge, a comprehensive portrayal of past research is still lacking and there has been no study yet that assesses research on PD in the buyer-seller relationship that explicates the evolution of PD as a construct, its theoretical foundations, and the key themes underpinning PD in buyer-seller research.

This article addresses this lacuna through a systematic review of the extant literature on PD in buyer-seller relationships from 1980 – 2023. Our objective in this study is to address the following research questions: (1) what is the state-of-the-art literature on PD in the buyer-seller relationship concerning the purpose, context, and methods used? (2) what theories or models underpin current studies on PD in the buyer-seller relationship? (3) how is PD measured in the context of the buyer-seller relationship? (4) what aspects of buyer-seller relationships are affected by PD?

We use a systematic literature review to examine these research questions. Our study contributes to the literature in the following ways. *First*, it examines the current state-of-the-art literature on PD in the buyer-seller relationship. Also, it identifies the most habitually used

theoretical lenses that have been used to investigate PD in the buyer-seller relationship and highlights its advancements over time. *Second,* it sheds light on the dimensions and measures of PD in the context of the buyer-seller relationship. *Third,* it examines the methodological aspect of PD in buyer-seller relationships (e.g., the research designs, the scope of research, sampling and data collection methods, and data analysis). Also, it identified and merged the different research areas explored on PD in buyer-seller exchanges to show how knowledge has flourished over time. *Finally,* it examined the level of maturity of this stream of study and recommended ways in which it could be further improved theoretically, methodologically, and empirically.

The remainder of this paper is structured as follows; we continue by presenting the systematic literature review technique we used to conduct the review research by providing details about the scope of the research, and the paper extraction and analysis procedures. In the following section, we review past PD in the buyer-seller relationship research to address one crucial question: How does PD affect the buyer-seller exchange relationship? To conclude, we highlight research gaps, based on the understanding of PD in the buyer-seller relationship exchange, and offer suggestions for future inquiry.

3. Methodology

3.1 Literature searching

To review the literature on PD in the buyer-seller relationship, we first searched online databases and article reference lists to identify all articles on PD in the buyer-seller relationship published between 1980 – 2019. We chose 1980 as a starting point for our review, as it was in this year the IMP group started working on the interaction approach and published their seminal paper regarding distance in a business relationship (Ford, 1980, 1984). According to Tranfield et al., (2003) a fixed time frame for literature searching enables the identification of the appropriate number of studies and provides an avenue for the overall development of

knowledge in the field. We used three databases to identify studies eligible for this review, namely: Web of Science, Scopus and ScienceDirect. These databases identify relevant articles published in the domains of international marketing and international business – domains in which studies of interest have appeared. The keywords selected are e.g., "distance" OR "psychological distance OR “psychic distance" OR “cultural distance AND "inter-firm relationship” OR inter-organisational relationship” OR buyer-seller relationship" OR “exporter-importer relationship”. The search incorporated journal articles with search terms appearing in the title, abstract and keywords of studies that were published in peer-reviewed journals, which was like the approach taken by exporter-importer relationship reviews (e.g., Aykol and Leonidou et al., 2019).

Following the advice of Tranfield et al. (2003) we also added one article that was not found in the database search (Heroux and Hammoutene, 2012), but was deliberately selected from the reference list of the already identified articles because of its relevance. Consequently, these search strings initially resulted in 2062 articles with duplications across the three databases. We then performed a duplication check using Mendeley, a bibliography and citation manager software. As a result of the duplication check, 1811 journal articles were eradicated from the sample, leaving us with 251 articles. Then, we further screened the articles for inclusion in the systematic literature review. To be included, the article had to meet the following three criteria:

1. Must focus exclusively on the effects of PD in the relationship between buyers and sellers, rather than the effect of PD on other aspects of the cross-border business relationship - e.g., mergers and acquisition, joint ventures, strategic alliance (163 articles were eradicated, therefore, 88 articles remained).

2. Must be original, published journal research, rather than in an exclusive issue editorial, errata, book reviews or conference papers (24 articles were eradicated, therefore 64 articles remained).
3. Must be both empirical and conceptual papers – e.g., qualitative, quantitative and commentary papers (4 articles were eradicated; therefore, 60 articles remained).

Applying these criteria, we identified 60 papers, published in 21 different journals; the major contributors being in rank order as follows: *Industrial Marketing Management* (21%); *Journal of International Marketing* (18%); *Journal of International Business Studies* (11%); *International Business Review* (8%); and *International Marketing Review* (5%).

The papers under review were content-analysed using a coding strategy that comprised of six sections: (i) Theoretical foundation − i.e., the different theories used to examine PD in the buyer-seller relationship; (ii) research design – i.e., the overall strategy used to carry out the research that defines the succinct and logical plan to tackle the research problem; (iii) scope of research – i.e., the specific parameters within which the study operates (e.g., countries involved, focus region, product emphasis, industries covered, unit of analysis, and company size); (iv) sampling and data collection techniques – i.e., the tools utilised to gather information (e.g., sampling design, data collection, sample size, response rate, and key informant(s); (v) data analysis – i.e., the process of extracting information from the data (e.g., construct evaluation, bias controls, and analytical techniques); and (vi) thematic areas – i.e., relationship quality, relationship characteristics, performance outcomes, dark side elements, and other related topics.

We employed coding strategy like that of Aykol et al., (2013) and Aykol, and Leonidou (2018). Particularly, the code theoretical foundation was taken from the works of Aykol and Leonidou (2018). Pertaining to the research design, scope of research, sampling and data collection techniques, and data analysis, we used a pre-specified code related to that of (Aykol

et al., 2013; Aykol, and Leonidou 2018). Regarding the thematic areas, the codes were established through a thorough review of relevant literature, which was further validated through a panel discussion with academic professionals in this area of study.

For the data coding procedures, we used two experienced researchers. A unique coding guideline containing a complete definition and description of each code, along with an example, was prepared to facilitate the coding process. A panel discussion was conducted whenever there were doubts in framing the codes until a consensus was reached on the final code. Eventually, the final codes were loaded into SPSS, a statistical programme. The data analysis took the form of percentage frequencies illustrated in a cross-tabular system to show the patterns in each of the reviewed papers' subgroups over the four-time phase. We also performed a chi-square analysis to evaluate the percentages in each of the four-time phases. In a situation of statistically significant differences, a post-hoc test was carried out to ascertain the differences.

3. Findings

We present in this section the results of the content analysis alongside each of the five classifications of the review, namely the theoretical foundation, research design, research scope, sampling and data collection techniques, data analysis and thematic areas covered in this field of research. The systematic review findings are presented in standardised form for all the papers examined and independently for the paper relating to each time span.

3.1 Theoretical foundation

The systematic review revealed that a broad theoretical canvas was used to explain the impact of PD in the buyer-seller relationship (see Table 1). However, many of the articles did not adopt any theory. Those that did, utilised Social Exchange Theory (15%), Relational Exchange Theory (11.6%), Transaction Cost Analysis (10%), and Resource-Based View

(11%). Other theories, such as Institutional Theory, Resource-Based View and Network Theory have only been applied to a minor extent in the literature.

[Insert Table 1 about here]

Social Exchange Theory revolves on the redistribution of resources between trade counterparts (Emerson, 1976) and sets out mutual recognition to assess risks and rewards (Cropanzano and Mitchell, 2005). In the context of PD in the buyer-seller relationship, the principle of social exchange has been used as a theoretical framework for behavioural assumptions (e.g., communication effectiveness) that are seen in mutual support of other behaviours (e.g., trust) (Leonidou et al 2016). We spotted that some studies anchored their work on a more complex framework stemming from the Social Exchange Theory, such as psychological contract violation. (e.g., Leonidou et al., 2017a; Leonidou et al., 2017b).

Relational Exchange Theory theorises those interactions between buyers and sellers taking place over a broad variety of isolated transactions and relational exchanges, while at the same time achieving a long-term partnership built on trust, commitment, and cooperation, (Dwyer, Schurr, and Oh 1987). The application areas of this theory on PD in buyer-seller relationship studies included the investigation of the factors contributing to the development of relational exchange (e.g., Bello et al., 2003; Lee and Jang, 1998), determinants of relational governance (e.g., environmental, structural, behavioural) (e.g., Abdi and Aulakh, 2012; Li and Ng, 2002a), characterisation of long-term versus short-term relationships (Haugland, 1999), and performance implications of relational exchanges (e.g., Skarmeas and Katsikeas, 2001).

Transaction Cost Analysis emphasises the efficiency implications of firm relationship (Williamson, 1975, 1979). In the context of PD in buyer-seller relationship, these efficiencies depend on how cross-border channel partners handle transaction-specific investments (i.e., resources committed to the relationship), external environmental uncertainty (i.e.,

unpredictable developments within the decision environment of the relationship), and internal performance ambiguity (i.e., vagueness about the possible relationship outcomes) (Leonidou et al 2014). According to this theory, creating coping strategies that reduce the opportunistic exploitation of resources, acclimating to the changing environmental conditions within the relationship atmosphere, and evaluating deviations between agreed and actual performance incur certain costs that can be reduced by developing an appropriate mechanism (e.g., formalised contracts) to govern market transactions (Heide, 1994). Within the context of PD in the buyer-seller relationship, this theory has been broadly utilised to understand the detrimental effects of opportunism on relationship exchanges associated with the influence of PD (e.g., Sachdev and Bello, 2014; Katsikeas, Skarmeas, and Bello 2009; Zhang, Cavusgil and Roath 2003).

Resource-Based View postulates organisations as bundles of resources and establishes a logical relationship between resource capabilities and competitive advantages. Thus, the resources become the basis for achieving competitive advantage (Grant, 1991). According to Barney (1991), for organisations to have a viable competitive advantage, they must be rich and valuable, rare, imitable, and imperfectly substitutable resources. Regarding PD in the buyer-seller relationship, Resource-Based Biew was utilised to illuminate how relational resources and capabilities (e.g., relationship learning, complementary capabilities) impact on relationship outcomes and business performance - as well as to assess the behavioural drivers of such resources and capabilities (e.g., Griffith and Dimitrova, 2014; Skarmeas, Zeriti, and Baltas, 2016). Some researchers have regarded positive behavioural aspects (e.g., confidence, engagement, exchange of information) as useful tools on their own and analysed their experiences with environmental or other relational variables (e.g., Karande, Ha and Singhapakdi 2008).

3.2 Research design

Most of the articles reviewed in this study (83%) utilised a formalised method (that is, hypothesis development and testing) to define the study rationale (see Table 2). These findings might be related to the fact that studies on PD in the buyer-seller relationship are heavily based on theoretical developments and testing, which is grounded on a formalised approach. Contrastingly, exploratory studies were noted in only 18% of the total papers examined and studies which fell in this category were mostly conducted during the early/developmental stages in this line of research. This finding could be attributed to limited subject knowledge in the past, as this stream of research has experienced slow development. Such studies explore the impact of PD on the performance implications of appropriate relational norm governance strategies (Griffith and Myers, 2007) and changes in relationship characteristics over different stages of exchange relationships (Heroux and Hammoutene, 2012). Also, more than half of the total number of studies reviewed reported the use of cross-sectional research design (68.3%), while only a few studies (13.3%) (especially in those using the survey method) highlighted the use of longitudinal designs. Failure to use longitudinal design can be associated with the cost implication involved, as well as the time frame. However, PD is a dynamic phenomenon which is persistently changing. Cross-sectional study technique only catches a glimpse of the relationship exchange, neglecting the probability of a changing sequence of causality between variables over time.

[Insert Table 2 about here]

An overwhelming majority (90%) of the studies into PD in the buyer-seller relationship adopted a statistical approach. This approach was usually applied in studies with an extensive sample size which enable statistical analysis, or in data-gathering studies through investigations adopting specific research instruments. Case studies provide a useful tool for gaining a deep understanding of PD-related phenomena in buyer-seller relationship research; however, they were rarely used (reported in only 5% of articles). Almost all (85%) of the articles reviewed

reported that the variables used in the study are linked to causality. In other words, the focus of PD in the buyer-seller relationship research is on determining the relationship between causes and effects. Conversely, a descriptive study (that is, a study to confirm the frequency of occurrence of variables or the extent to which two variables covariate) is only a small percentage (10%). In contrast to descriptive research, the use of causality research reflects the growing trend of constructing and testing a theoretically-driven conceptual model – although it is not statistically significant.

3.3 Research scope

Some of the studies (36.6%) focused on a single country. Single-country studies gathered data from either the exporter or the importer to discuss the effect of PD on buyer-seller relationships. Another 35% of the studies referred to three countries, while the use of two countries was rarely investigated (21.6%). In the case of multi-country research, studies were conducted in domestic and foreign countries (Skarmeas, Saridakis and Leonidou, 2017; Racela et al., 2007) or studies accessing data from both exporters and importers (Durand, Turkina and Robson, 2016; Skarmeas and Robson, 2008). There were also situations where multi-country research was used to compare domestic versus foreign buyer-seller relationships (Leonidou, Barnes and Talias, 2006). Moreover, pertaining to the geographical regions involved in the study, Europe (predominantly the United Kingdom) (31.6% of the articles) and North America (mostly the USA) which was the focus of (45%) constituted the bulk of the studies on PD on buyer-seller relationships. Other continents (i.e., Oceania, Latin America, and Africa) were mostly under-researched, which might be because of these continents' less significant position in world trade. Remarkably, our synthesis revealed an increasing research interest on PD in the buyer-seller relationship in Asia. However, for other parts of the world, research efforts seem to have been based upon the personal interests of a few researchers. It might be interesting to develop PD research across these under-studied parts of the world.

[Insert Table 3 about here]

With regards to the unit of analysis, 40% of the articles assessed the export relationship while 35% were importers, However, we found very little research (6.6%) focusing on the role of PD on the buyer-seller relationship dyad as their unit of analysis; this could be because of the time and financial costs of obtaining reliable and comparable data from dyadic counterparts from different countries. In terms of industries covered, 58% of the studies were conducted in a mixture of different industries; this could be attributed to the pursuit of a larger sample size. According to Aykol and Leonidou (2018), the broader the industry, the bigger the chances of obtaining a larger sample, enabling more variation in the factors of interest, and improving the generalisability of the results. 35% of the articles were conducted on a single industry analysis and the most common industries utilised were: food and beverages, electronics, machinery, and textiles.

3.4 Sampling and data collection

With regards to the sampling procedures, 65% prepared their sample based on probability sampling procedures (e.g., random sampling or systematic random sampling technique), which was particularly evident in the most recent research (e.g., Leonidou, Aykol, Fotiadis, Christodoulides and Zeriti, 2017; Skarmeas, Zeriti and Baitas, 2016; Sachdev and Bello, 2014). We found few articles (30.1%) which employed a non-probability sampling technique in qualitative research using small sample sizes (Vaaland, Haugland and Purchases, 2004; Voldnes, Grønhaug and Nilssen, 2012). 15% of the articles were purely conceptual papers and as such data collection was not applicable. In addition, most of the articles employed a mail questionnaire data collection method (53.3%). Electronic data collection (that is, online or email) was the second most popular method (26.6%). This method was exclusively utilised in recent articles; this might be associated with the increasing use of the internet or because it offers lower costs and time savings in sending/receiving questionnaires. Face-to-face

interviews were reported in the qualitative and mixed-method studies and on occasions (3.3%) used as a pilot study leading to the final sample selection procedure for the study. Alternative data collection methods, such as telephone and drop-in questionnaires, were rarely utilised in this area of research.

In terms of sample size, 6.6% of the total number of articles sample size exceeded 0-99 units, with the majority (55%) of highlighted samples ranging from 100 to 299. Generally, we noticed that research in this stream grew in terms of sample size. Earlier studies' (e.g., Ford, 1984; Lee, 1998a) sample size ranged between 0-92 units. The small sample size from the earlier studies versus the larger size in the later studies may be attributed to: (1) the widespread use of the internet, as online data collection methods facilitate reaching more of any target population; (2) high dependence on structural equation modelling (SEM), as the use of SEM generally needs a five-cases-per-item scale ratio to produce consistent outcomes (Aykol and Leonidou, 2018); (3) the inception of trustworthy archives/databases (e.g. Dun and Bradstreet) which enable scholars to secure more participants for their research.

Regarding the response rate, 35% of articles showed response rates of 40% or above. Twenty per cent of articles reported 30 - 39% response rate, while 11.6% of papers reached the response rate 20 - 29%. This higher rate of response would be predicted, as most of the information was obtained using e-mail /electronic questionnaires, which typically correlates with a higher rate of responses. A small proportion (8.3%) of the papers registered a less than 19% or less response rate. Furthermore, the response rate identified in this review is consistent with the results of other reviews related to this area of study, (e.g., Leonidou and Katsikeas, 2010) or related to importing (e.g., Aykol et al., 2013).

[Insert Table 4 about here]

3.5 Data analysis

In terms of survey bias, a large proportion of the articles (55%) reported that they found non-response bias within their survey data. This high volume of non-response bias could be associated with the mail/electronic data collection method, which was the most frequently used method in the reviewed articles. The use of key informant bias method was much less, with only 8.3% of the articles reporting its use. On the other hand, 48.3% of the articles reported the use of common method bias. However, the standard method bias tests most utilised were confirmatory factor analysis approach (Venkatraman and Prescott, 1990) and the variance and marker variable method (Lindell and Whitney, 2001).

Pertaining to construct evaluation, most of the articles tested positive for the reliability of constructs. This finding could be associated with the nature of the studies, as most of them were quantitative-oriented and applied different kinds of statistical methods. As a result, 28.3% ran a Cronbach's alpha test to purify their data, while 35% utilised a composite reliability test. According to Diamantopoulos and Siguaw (2009), Cronbach and composite reliability tests are associated with the growing propensity to test theoretically driven conceptual models, to certify the quality and the reliability of the constructs. The most common hypothesis testing method used was SEM. This method was reported in over half of the reviewed studies (73.3%). However, in the design of causal relationship research, the emphasis is on testing a theoretically fixed conceptual model, so SEM can be expected to spread. 71.3% of the review papers reported the use of partial least squares PLS, Finally, the use of descriptive statistics (e.g., percentage of frequency) or univariate/bivariate statistics (e.g., ANOVA test) was reported less frequently (1.6%).

[Insert Table 5 about here]

3.6 Research topics

The literature on PD in the buyer-seller relationship has explored a wide range of research topics, which we grouped into five thematic areas namely: relationship quality, relationship characteristics, performance outcomes, the dark-side elements and what we characterised as other related issues.

The *relationship quality* theme attracted the greatest share of the researchers' attention in this area of study, being listed in more than half of the papers reviewed (54.6%). Studies here can be categorised into three groups to understand how PD influences the quality or channel of behavioural relationship. Firstly, the dormant variables, which include the emotions associated in the relationship, trust (e.g., Leonidou et al., 2006; Katsikeas et al., 2006) and opportunism (e.g., Lee, 1998a; Johnston et al., 2012; Skarmeas et al., 2017a) were very often explored and to a lesser degree relational uncertainty (e.g., Magnusson and Boyle, 2009) and understanding (e.g., Leonidou et al., 2006). Secondly, the apparent variables, which refer to the decisions and actions taken in the exchange relationship mainly focus on communication (e.g., Johnston et al., 2012), commitment (e.g., Voldnes et al., 2012), co-operation, conflict (e.g., Nes, Solberg and Silkoset, 2007) and adaptation (e.g., Westjohn and Magnusson, 2017). Thirdly, resultant variables, which refer to the outcomes resulting from the relationship, mostly focus satisfaction/satisfaction with export (e.g., Griffith and Dimitrova, 2014) and relational performance (e.g., Bello et al., 2003; Skarmeas and Robson, 2008). These studies concentrate on connecting the effect of distance (i.e., cultural, or psychic) on relationship quality dimensions, and examining how internationalisation aspects can shape the buyer-seller relationship.

Another significant area was *relationship characteristic* which was explored by 16.2% of the reviewed papers. These studies concentrate on the characteristics of buyer-seller relationships, as defined in terms of various constructs, relational norms/governance, relational value, and learning. These constructs were conceived as antecedents of PD (Skarmeas et al.,

2017a) or where PD is acting as a moderator (Khalil, 2018). While some other studies focused on the connection between PD and relationship value, (e.g., Skarmeas et al., 2017a; Skarmeas et al., 2017b), these studies find that PD weakens assessments of equity and efficiency of a cross-border channel relationship. When this happens, it reduces the value/worth placed on exchange orientations by channel partners (Skarmeas et al., 2017a; Skarmeas et al., 2017b; Skarmeas et al., 2016).

[Insert Figure 1 about here]

A final set of studies in this theme explored the impact of PD on partner compatibility, specifically focusing on how similarities/differences between buyers and sellers affect relationship learning (Liu, 2011; Cheung, Myers and Mentzer, 2010; Cannon, Doney, Mullen and Peterson, 2010).

Twenty-two per cent of the samples reviewed considered the *performance outcomes*, the most frequent being relational performance (e.g., Khalil, 2019; Leonidou et al., 2019; Skarmeas and Katsikeas, 2011) and export performance (e.g., Griffith and Dimitrova, 2014; Obadia, 2010; Racela et al., 2007). Other studies examined the impact of PD on economic performance (Obadia, 2013) as well as market performance (e.g., Miocevic, 2016; Jean et al., 2015; Bello and Gilliland, 1997). Other aspects of performance (e.g., financial performance) were not reported by any studies in this review. A final set of studies examined the effect of PD on relational and long-term orientation (Cannon et al., 2010).

Issues about the *dark-side elements* of buyer-seller relationship were found in (5.8%) of the study samples. Many studies in this stream concentrated on how PD leads to the dissolution/termination of a relationship (e.g., Payan et al., 2010; Vaaland et al., 2004) and on switching to an alternative foreign counterpart (e.g., Petersen, Pressey and Selassie, 2007). Another important issue which surfaced in the more recent articles is how PD leads to

relationship betrayal and infidelity (Leonidou et al., 2017a; Leonidou et al., 2017b). Finally, the remaining (2.6%) papers focused on what we termed 'other related issues', such as the relationship between PD and country of origin image (Durand, Turkina and Robson, 2016) and the relationship between PD and emotional intelligence (Leonidou, Aykol, Fotiadis, Zeriti and Christodoulides, 2019).

4. Conclusions and recommendations

Our systematic review of the literature on PD in the buyer-seller relationship reveals that this field of international marketing studies has developed into an advanced body of intellectual knowledge over time, offering significant insights.

Theoretical insights

This stream of research has (i) brought forward new concepts, thoughts and ideas which have aided a better conceptualisation of PD within the international marketing literature and (ii) introduced new constructs which advance the theoretical understanding of PD in international buyer-seller exchanges.

Managerial insights

This aspect has (i) offered intuitive knowledge to import/export managers about how to oversee and sustain business relationships with foreign counterparts in the presence of cultural and physical distance and (ii) highlighted the importance of recognising international business differences for the complexities of the foreign exchange process to be handled meritoriously.

Our review contributes by introducing fresh insights into the PD concept in the buyer-seller relationship. First, from a *theoretical viewpoint* this review reveals that research in this stream of study has strong theoretical foundations, as specified by the broad range of explicit (e.g., social exchange, transaction cost analysis, relational exchange, resource-based view) or implicit (e.g., institutional, expectancy-value theory, dynamic capability theory) theoretical

lenses utilised. This stems from the fact that many of the ideas and constructs used in this stream of research were developed within the international marketing context, where these theories have been widely used. Hence, we recommend that scholars assessing PD in buyer-seller relationships should back their research with suitable theories which explain PD issues in buyer-seller relationship exchanges and should go on to develop new theory-informed research capable of coalescing the multi-level perspectives of PD research. Moreover, scholars should pay more consideration to significant, but overlooked theories, such as Institutional Theory, Expectancy-Value Theory, and Dynamic Capability Theory.

From a *methodological perspective*, with regards to research design, most of the articles reviewed employed a quantitative and formalised approach, which indicates that the extent of knowledge accrued so far in this stream enables researchers to develop new hypotheses based on the findings of PD in buyer-seller relationship research. Similarly, the use of a statistical approach, as opposed to case studies, is related to the formalised technique stated earlier. However, case studies can also help to provide more vibrant and more in-depth insights into research problems or rationales and should not be ignored. The cross-sectional nature of this field of research is one of its weaknesses and since investigating the impact of PD in the buyer-seller relationship can be as dynamic as its evolving phenomenon, a longitudinal study would be more appropriate to explain the connection between the focus themes identified in this study over a longer period.

In terms of scope of research, many of the reviewed studies focussed on a single country, that is, collecting data from either the exporter or importer. It would be interesting to assess PD in buyer-seller relationships using multiple countries for data collection. This approach would help create a cross-national comparison of relationship exchanges, as well as assessing the effect of other PD dimensions such as culture, economic development, political and institutional distance. For instance, an exporter from France assessing the exchange with

importers from China or Australia. Furthermore, another significant finding is that most of the studies focussed on Europe and North America and there is an increasing uptake from Asia, mostly China. However, regions such as Africa, Oceania and the Middle East have mostly been unexplored. Hence, it would be worthwhile conducting research in these overlooked regions of the world. Regarding the unit of analysis, more than half of the studies investigated either exporters or importers; it would be interesting for scholars to assess data using dyadic approach – as both sides perspectives could, however, provide a different view. Future studies should obtain and examine dyadic data as a means of offering a comprehensive and robust picture of the buyer-seller relationship.

Pertaining to research sampling and data collection, the heavy reliance on internet-facilitated studies, shifting from the widespread use of personal and mail data collection methods towards electronic (that is, online or email data collection techniques) has necessitated the increasing use of probability sampling in research. Although it could be argued that electronic data collection method facilitates reaching a more significant proportion of any target sample as well as time-effective and cheaper running costs, scholars should be cautious, as the sampling frames might be less reliable and there are high chances of a non-response bias.

In terms of data analysis, the important area of concern is that of the statistical data analysis method employed across the studies under review. It was reported that nearly half of the studies used SEM. However, the issues pertaining to non-response and construct evaluation and purification were of less concern, as the findings revealed that research in this stream has increasingly controlled for non-response bias and purified their data using Cronbach's alpha or composite reliability test. At this point, we encourage scholars assessing PD in buyer-seller relationships to utilise more advanced statistical methods to analyse their data, rather than the popular SEM and confirmatory factor analysis.

Lastly, this review demonstrated that research into PD in buyer-seller relationships has gradually covered a broad range of *thematic* areas, ranging from relationship quality, relationship characteristics, performance outcomes, dark side elements and other related issues. Considerable attention was given to the PD effects of relationship quality, relationship characteristics and performance outcomes in buyer-seller relationship research. At the same time, the other two identified areas remain relatively under-studied. Therefore, by integrating these theoretical, methodological, and thematic insights, the remainder of this paper highlights critical research gaps which serve as suggestions for future inquiries.

5. Future research areas

Our review of PD in buyer-seller relationship revealed several new areas that hold promise for the advancement of knowledge in this field of research. First, the relationship quality theme revealed certain under-researched but significant relational quality constructs relating to buyer-seller relationship such as how does PD influence long-term/short-term orientation, as well as relationship accommodation? Moreover, it would be useful to distinguish between how PD affects relational quality constructs operating at the firm level (e.g., inter-firm trust, commitment, and co-operation), as opposed to those found at the individual level (e.g., individual trust, commitment, and co-operation) in order to identify the potential association. Furthermore, it is important to take into consideration the moderating/mediating role of PD on several cultural-specific constructs related to how global business relationships are operated (such as: 'guanxi' for Chinese (Yen et al., 2011), 'sviazi' for Russians (Berger et al., 2017) and 'wasta' for Arabs (Berger et al., 2015) and to compare the dissimilarities in terms of business practices to those of the western system.

Concerning relationship characteristics, specific issues still warrant attention. For instance, how PD affects relationship value creation. Because PD creates problems/challenges which make it difficult for firms to establish and maintain relationships in a less costly and less

time-consuming way, investigating the extent to which trade counterparts enhance transactional and relational exchange and the development of relationship value would be exciting and informative. Furthermore, what is the moderating role of relationship learning on the relationship between PD and relationship quality? What is the influence of PD on firm/partner complementarity of resources/capabilities and dependence?

Additionally, researchers assessing PD in the buyer-seller relationship can also undertake more inquiry into investigating the impact of PD in the effectiveness of norm and relational governance. Beck, Chapman and Palmatier (2015, p.31) highlighted that the success of "relationship marketing depends on the cultural characteristics of the environment in which it is deployed". Similarly, Hoppner, Griffith and White (2015, p.103) documented how the "impact of a norm of reciprocity is modified according to the cultural environment of the importer". Therefore, it would be interesting to investigate how the use of relational norms is affected by the import market's cultural differences (i.e., cultural, institutional, and psychic distance). Also, it would be worth exploring institutional distance—in particular, the legal dimension of institutional distance and how it can influence the effectiveness of norms and relational governance.

[Insert Figure 2 about here]

Furthermore, research should consider investigating the impact of PD on the governance mechanisms used to manage export relationships; for example, how does PD influence the choice of governance mechanisms? Does PD inhibit the proper design of governance mechanisms and affect their effectiveness? Another significant, yet overlooked area associated with buyer-seller relations, is the cultural difference between channel partners in terms of the Hofstede's (1991) dimensions (i.e., individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, power distance, long-term orientation)

which may demonstrate changes in power dynamics, distance (i.e., cultural, institutional, relational, and psychic) and relational formalisation.

Future studies should examine the performance outcomes of PD on buyer-seller relationships. While prior studies validate that PD negatively affects export/import performance, whether relational, market or role performance-related, very little is known about how these outcome performances are generated. Specifically, it will be important to establish the mediating mechanism that converts behavioural exchanges into financial and market success. Another area which warrants research attention is the impact of PD on partner complementarity of capabilities in export performance. Although a significant contribution has been made (e.g., Griffith and Dimitrova, 2014) the question regarding the appropriate measures of export performance remains unanswered. For instance, some researchers argue that export performance stems from the multidimensional outcomes of an organisation's activities in export markets consisting of both economic and strategic dimensions (Zou, Taylor, and Osland, 1998). In contrast, others argue for performance outcomes such as international growth (Zhou, Wu and Barnes, 2012) or sales (Bello and Gilliland, 1997). Therefore, a broader operationalisation of export performance may also contribute to an improved awareness of both business and cultural psychic distance.

Concerning the dark side element, although preceding studies confirmed that distance (i.e., cultural, or psychic) leads to relational termination, some issues regarding the termination of the relationship remain unexplored, such as the stages of the termination process and the outcomes of termination. Hence, it would be interesting to explore the stages, processes, and outcomes of relationship termination. Furthermore, a new behavioural concept emerged in the literature (i.e., infidelity and betrayal) and given that these constructs are new in the domain it might be exciting to explore the antecedents and consequences of infidelity and betrayal, as well as understanding the role PD plays in each of these constructs. It would also be worth

examining the role of country characteristics, such as the connecting relationship between the country of origin's image and PD with its ultimate effect on relational performance. Finally, the role of managers' characteristics, such as emotional and cultural intelligence on PD and its effect on either relational, financial or export performance would be worth researching to understand this area fully.

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Table 1

Theoretical background of papers on psychic distance in buyer-seller relationships

Theoretical approaches	Total (n – 60) %	(i) 1980-1989 (n_1 = 2) %	(ii) 1990-1999 (n_2 = 6) %	(iii) 2000-2009 (n_3 = 22) %	(iv) 2010-2019 (n_4 = 30) %	X^2	*p*-value	**Post-hoc text**
Social exchange theory	15	-	-	33.3	66.6	8.000	.238	
Relational exchange theory	11.6	-	14.2	42.2	42.2	12.000	.013	II > I, III > I, IV > I
Transaction cost analysis	10	-	16.6	50	33.3	11.090	.070	III > IV. III > II, II > I
Resource-based view	6.6	-	-	50	50	4.000	.261	
Organisational learning theory	3.3	-	-	-	100	4.499	.212	
Other	15	-	-	12.5	87.5	8.318	.238	
Not specified	28.3	11.7	11.7	35.3	41.2	2.610	.106	

Table 2

Research design of papers on psychic distance in buyer-seller relationships

Research design	Total (n – 60) %	(i) 1980-1989 (n_1 = 2) %	(ii) 1990-1999 (n_2 = 6) %	(iii) 2000-2009 (n_3 = 22) %	(iv) 2010-2019 (n_4 = 30) %	X^2	*p*-value	Post-hoc text
Problem crystallisation								
Exploratory	18	18.1	-	27.2	27.2	8.00	.238	
Formalised	81.6	-	12.2	36.7	51	12.90	.213	
Topical scope								
Statistical	90	-	12.2	33.3	48.1	11.09	.216	
Case study	5	33.3	-		33.3	5.54	.261	
Time dimension								
Cross-sectional	68.3	4.8	12.2	24.3	48.7	12.00	.084	II > I, III > I, IV > I
Longitudinal	13.3	-	-	75	50	8.00	.216	
Variable association								
Descriptive	10	33.3	-	-	16.6	8.31	.216	
Causal	85	-	12.2	35.2	50.9	12.00	.291	

Table 3

Research scope of papers on psychic distance in buyer-seller relationships

Research scope	Total (n – 60) %	(i) 1980-1989 (n_1 = 2) %	(ii) 1990-1999 (n_2 = 6) %	(iii) 2000-2009 (n_3 = 22) %	(iv) 2010-2019 (n_4 = 30) %	X^2	*p*-value	Post-hoc text
Countries involved								
One	35	-	9.5	9.5	47.6	2.28	.130	
Two	21.6	-	30.7	23	46.1	12.00	.213	
Three or more	36.6	-	-	45.4	54.5	2.58	.108	
Focus region								
Europe	31.6	10.5	21	36.8	31.5	11.28	.213	
Asia	13.3	-	12.5	25	62.5	2.74	.213	
North America	45	-	3.7	33.3	44.4	1.73	.270	
South America	3.3	-	-	50	50	5.54	.136	
Product emphasis								
Consumer	6.6	-			25	1.80	.180	
Industrial	51.6	6.4	9.6	35	48.3	12.00	.213	
Consumer & industrial	18.3	-	9	72.7	18.1	.654	.419	
Service	5	-	-	-	100	1.80	.212	
Not specified	18.3	-	18.1	9	72.7	2.04	.152	
Industry covered								
Single	35	9.5	4.7	14.2	71.4	1.95	.162	
Multiple	58	-	11.4	34.2	37.1	11.09	.195	
Not specified	6.6	-	25	25	50	.875	350	
Unit of analysis								
Exporter	40	4.1	20.8	33.3	41.6	12.00	.087	II > I, III > I, IV > I
Importer	35	-	-	23.3	76.1	8.31	.238	
Exporter & importer (dyadic)	6.6	-	-	25	50	8.03	.238	
Other	18.3		-	18.1	18.1	5.54	.136	
Not specified	6.6	25	75	-	-	1.80	.261	
Company size								
Small	36.6	-	9	13.6	77.2	11.09	.706	
Medium	30	5.5	-	38.8	55.5	12.00	.131	
Large	11.6			28.5	71.4	8.31	.216	
Not specified	21.6	7.6	30.7	46.1	15.3	.254	.614	

Table 4

Sampling/data collection procedures of papers on psychic distance in buyer-seller relationships

Sampling/data collection procedures	Total (n – 60) %	(i) 1980-1989 (n_1 = 2) %	(ii) 1990-1999 (n_2 = 6) %	(iii) 2000-2009 (n_3 = 22) %	(iv) 2010-2019 (n_4 = 30) %	X^2	*p*-value	**Post-hoc text**
Sampling design								
Whole population	-	-	-	-	-	-	-	
Probability sample	65	5.1	12.8	38.4	51.2	12.00	.089	II > I, III > I, IV > I
Non-probability	30.1	-	-	20	40	8.318	.102	
Not applicable	15	-	1.1	55.5	33.3	1.719	.213	
Not available	-	-	-	-	-	-	-	
Data collection								
Mail	53.3	-	18.7	43.7	37.5	2.420	.270	
Telephone	-	-	-	-	-	-	-	
Personal	3.3	-	-	66.6	33.3	1.364	.243	
Drop-in questionnaire	3.3	33.3	-	66.6	-	.055	.815	
Electronic	26.6	-	-	12.5	22.9	1.414	.238	
Secondary data	-	-	-	-	-	-	-	
Not applicable	8.3	-	-	40	60	8.000	.238	
Sample size								
99 or less	6.6	25	50	25	-	1.200	.273	
100–249	55	-	9.1	36.3	54.5	2.908	.088	II > I, III > I, IV > I
250–499	23.3	-	7.1	35.7	57.1	2.698	.100	
500 –999	1.6	-	-	100	-	.200	.655	
1000 or more	-	-	-	-	-	-	-	
Not applicable	5/ 8.3	20	-	60	20	.284	.594	
Not available	-	-	-	-	-	-	-	
Response rate								
19 or less	8.3	20	-	40	60	11.090	.270	
20–29	13.3	-	1	2	5	12. 000	.198	
30–39	11.6	-	-	1	6	8.318	.216	
40 or more	35	-	5	9	7	1.732	.213	
Not applicable	-	-	-	-	-	-	-	
Not available	-	-	-	-	-	-	-	
Key informant								

CEO/president	15	-		28	71.4	1.414	.238	
Import executive	11.6	-	11.1	11.1	77.7	8.000	.216	
Export executive	21/ 21.5	-	19.0	19.4	61.9	8.318	.113	
Marketing manager	2	-	-	-	100	4.499	.212	
Not available	19	-	5.2	78.9	15.7	11.090	.270	

Table 5

Data analysis of papers on psychic distance in buyer-seller relationships

Data analysis	Total (n – 60) %	(i) 1980-1989 (n_1 = 2) %	(ii) 1990-1999 (n_2 = 6) %	(iii) 2000-2009 (n_3 = 22) %	(iv) 2010-2019 (n_4 = 30) %	X^2	*p*-value	**Post-hoc text**
Controlling for bias								
Non-response bias	55	-	12.1	39.3	48.4	11.090	.089	II > I, III > I, IV > I
Key informant bias	8.3	-	40	40	20	.491	.484	
Common method bias	48.3	-	13.7	10.3	75.8	2.121	.145	
Cronbach's alpha	28.3	-	-	41.1	58.8	8.318	.102	
Composite reliability	35	-	19	23.8	57.1	12.000	.097	II > I, III > I, IV > I
Not applicable	16.6	20	20	30	30	5.545	.136	
Not available	3.3	-		50	50	4.00	.216	
Statistical technique						-	-	
Descriptive		-	-	-	-			
Uni/Bivariate	1.6		-	-	100	4.499	.212	
Multivariate	73.3	4.5	9.9	40.9	45.4	1.732	.213	
Modelling	73.3	-	9.9	40.9	50	1.732	.213	

Appendix 1:

Reviewed papers (supporting document)

NO	Articles	Data collection	Size	Response rates (%)	Countries involved	Unit of analysis	Region
1	Leonidou et al., (2019)	Online	262	N/S	Multiple	Exporters	Greece
2	Khalil (2019)	Online	235	56.50%	Multiple	Importers	Taiwan
3	Leonidou et al., (2017a)	Online survey	262	N/S	Single	Exporters	Greece
4	Obadia et al., (2017)	Online survey	114	50%	Single	Exporters	France
5	Skarmeas et al., (2017a)	Mail	271	35%	Multiple	Importer	UK
6	Westjohn and Magnusson (2017)	Online survey	203	ns	Single	Exporters	US
7	Skarmeas et al. (2017b)	Mail	211	35%	Multiple	Importer	UK
8	Leonidou et al., (2017b)	Mail	268	45%	Single	Exporters	Greece
9	Durand et al., (2016)	Online survey	358	24%	Multiple	Dyad	US
10	Miocevic, (2016)	Mail	122	18.60%	Multiple	Exporters	Croatia
11	Lew et al., (2016)	Online survey	110	N/S	Multiple	Importer	N/S
12	Skarmeas et al., (2016)	Mail	271	35%	Single	Importer	UK
13	Gu, Wang and Wang (2016)	Online survey	160	32%	Multiple	Exporters	China
14	Jean et at., (2015)	Online survey	246	23.01%	Multiple	Importer	Taiwan
15	Obadia et al., (2015)	Online survey	283	26.80%	Multiple	Exporters	N/S
16	Griffith and Dimitrova (2014)	Online survey	151	23.36%	Single	Exporters	US
17	Nguyen and Nguyen (2014)	Mail	297	N/S	Single	Exporters	Vietnam
18	Ju, Zhao and Wang (2014)	Mail	184	36.80%	Multiple	Exporters	China
19	Sachdev and Bello (2014)	Mail	248	62%	Single	Exporters	US

20	Abu Saleh et al., (2014)	Mail	262	43.67%	Multiple	Importer	Bangladesh
21	Obadia, (2013)	online survey	144	52%	Multiple	Dyad	France
22	Yang, Su and Fam (2012)	personal	205	34%	Multiple	Exporters	China
23	Heroux and Hammoutene (2012)	Mail	124	N/S	Double	Exporters	US/Canada
24	Johnston et al., (2012)	Online survey	150	17.70%	More than three	Importer	Taiwan
25	Abdi and Aulakh (2012)	Mail	184	28.80%	N/S	Importer	N/S
26	Voldnes et al., (2012)	Interviews	NS	N/A	Double	Dyad	Russia/Norway
27	Liu, (2011)	Mail/online	160	58.80%	Single	Exporters	Taiwan
28	Leonidou et al., (2011)	Mail	167	18.10%	Multiple	Importer	UK
29	Cannon et al., (2010)	Mail	600	N/S	Three countries	Dyad	US/Canada/Mexico
30	Cheung et al., (2010)	Online	126	N/S	Multiple	Dyad	US
31	Payan et al., (2010)	Online	144	51.10%	Single	Exporters	France
32	Magnusson and Boyle (2009)	N/A	NA	N/A	N/A	N/A	N/A
33	Beugelsdijk et al., (2009)	Online & drop-off-pick up	124	N/S	N/S	Dyad	N/S
34	Katsikeas et al., (2009)	Mail	214	N/S	Multiple	Importer	UK
35	Lee, et al., (2008)	Mail	200	33%	N/S	Exporters	N/S
36	Skarmeas et al., (2008)	Mail	292	48%	Multiple	Exporter	UK
37	Skarmeas and Robson (2008)	Mail	292	48%	More than three	Dyad	UK
38	Solberg, (2008)	Online	173	70.30%	Multiple	Exporters	Norway
39	Karande et al., (2008)	Drop off and pick up	144	80%	Multiple	Importer	Korea
40	Racela et al., (2007)	Mail	388	N/S	Multiple	Exporter	Thailand
41	Nes et al., (2007)	personal	120	N/S	Multiple	Exporters	Norway
42	Pressey and Selassie (2007)	Mail	212	11%	Multiple	Exporter	UK

43	Skarmeas, (2006)	Mail	177	48%	Multiple	Exporter	UK
44	Leonidou et al., (2006)	Mail	151	13.40%	Single	Exporter	US
45	Solberg, (2006)	Online	178	72.40%	N/S	Exporter	Norway
46	Griffith and Myers (2005)	Mail	92	20.44%	Double	Importer	US/Japan
47	Vaaland et al., (2004)	N/A	N/A	N/A	N/A	N/A	N/A
48	Zhang et al., (2003)	Mail	142	22.60%	N/S	Exporter	US
49	Bello et al., (2003)	Mail	290	72%	N/S	Exporter	US
50	Leonidou et al., (2002)	Drop off and pick up	201	13.40%	Multiple	Exporter	US
51	Skarmeas et al., (2002)	Mail	216	79%	Multiple	Importer	UK
52	Skarmeas and Katsikeas (2001)	Mail	292	48%	N/A	Importer	UK
53	Shoham et al., (1999)	Mail	92	20%	N/A	Exporter	Israel
54	Lee, (1998a)	Mail	105	42%	Double	Exporter	Australia/Korea
55	Lee, (1998b)	Mail	105	42%	Double	Exporter	Australia/Korea
57	Bello and Gilliland (1997)	Mail	160	65%	Multiple	Exporter	US
56	Lee and Jang (1996)	Mail	60	46%	Double	Exporter	Australia/Korea
58	Klein and Roth (1990)	Mail	477	50%	Single	Exporter	Canada
59	Ford, (1984)	Drop off and pick up	70	N/S	More than three	Importer	UK
60	Ford (1980)	N/A	NA	N/A	N/A	N/A	N/A

Figure 1: *Thematic areas of papers on PD in buyer-seller relationship*

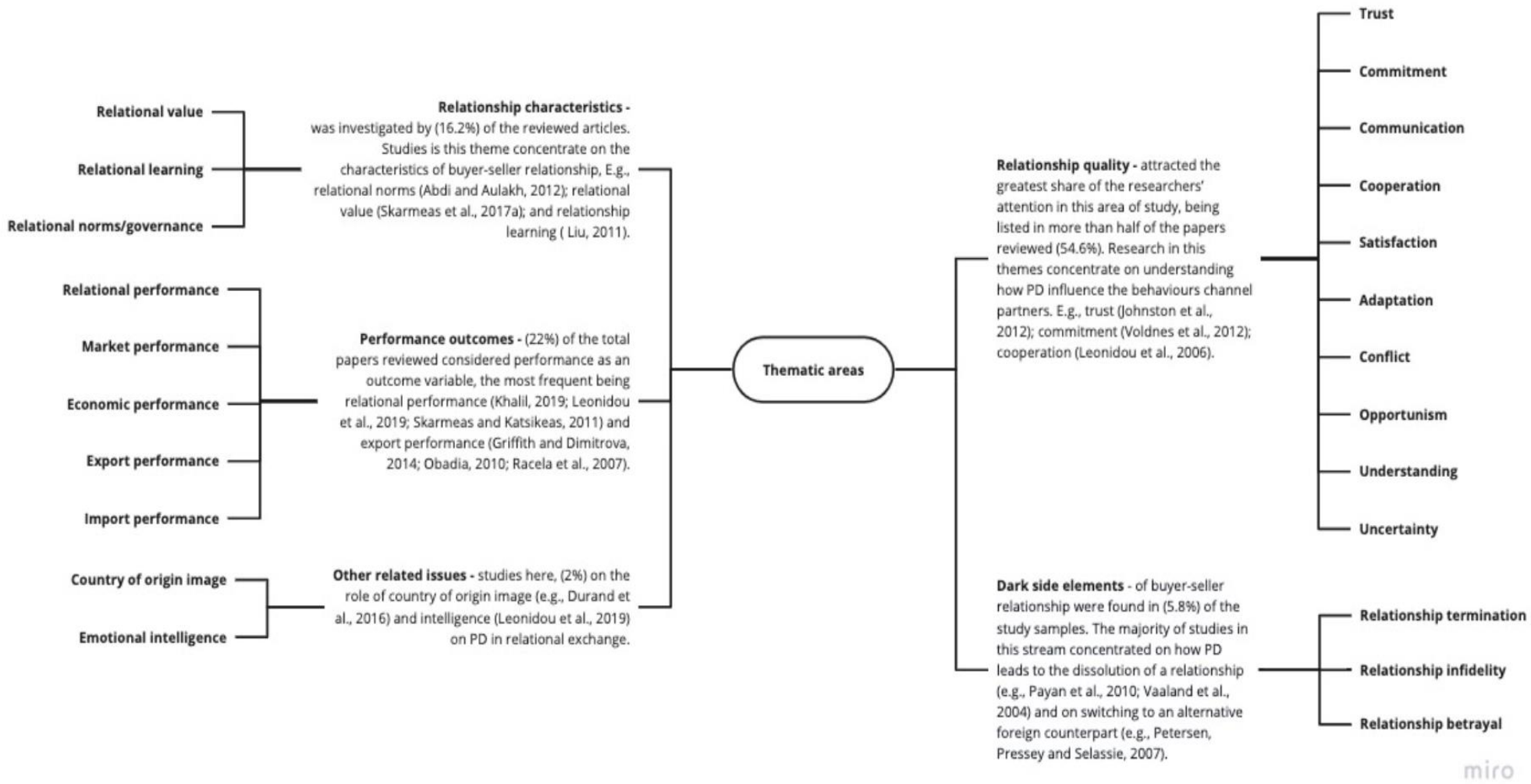

Figure 2: *Road map for future research areas*