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# The Many Faces of Distance – A Typology of Distance in Management

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**Purpose:** Based on the various streams of distance literature in management, a framework is provided to make discourses on distance clear.

**Design / Method / Approach:** After a review of the most relevant distance concepts, a typology with five categories is introduced, which are then applied to the most relevant distance concepts in management.

**Findings:** A clear typology helps to clearly define and differentiate the various streams of distance literature.

**Theoretical Implications:** With the conceptual categories 'topic', 'dimensionality', and 'level of analysis', and the empirical categories 'variables' and 'distance calculation', distance concepts become more consistent.

**Practical Implications:** With a terminology for the different aspects of distance, practitioners can focus more clearly on specific remedies to bridge distance.

**Originality / Value:** The paper offers a new typology of different elements of distance.

**Research Limitations / Future Research:** The introduced typology will aid in the discussion of distance in management.

**Paper type:** Conceptual

**Keywords:** international management, internationalization, cultural distance, psychic distance, institutional distance.

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## Багатолика дистанція – типологія дистанції в менеджменті

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**Мета роботи:** Грунтуючись на різних напрямках літератури з дистанційного управління, пропонується схема, що дозволяє зробити дискурс про дистанції ясним.

**Дизайн/Метод/Підхід дослідження:** Після огляду найбільш актуальних концепцій дистанції вводиться типологія з п'ятьма категоріями, які потім застосовуються до найбільш актуальних концепцій дистанції в менеджменті.

**Результати дослідження:** Чітка типологія допомагає чітко визначити і диференціювати різні напрямки літератури про дистанції.

**Теоретична цінність дослідження:** З концептуальними категоріями «тема», «розмірність» і «рівень аналізу» й емпіричними категоріями «змінні» та «розрахунок дистанції» концепції дистанції стають більш послідовними.

**Практична цінність дослідження:** Маючи термінологію для різних аспектів дистанції, практикуючі фахівці можуть більш чітко сфокусуватися на конкретних засобах подолання дистанції.

**Оригінальність/Цінність дослідження:** У статті пропонується нова типологія різних елементів дистанції.

**Обмеження дослідження/Майбутні дослідження:** Запропонована типологія допоможе в обговоренні дистанції в менеджменті.

**Тип статті:** Концептуальний

**Ключові слова:** міжнародний менеджмент, інтернаціоналізація, культурна дистанція, психічна дистанція, інституційна дистанція.

## Многоликая дистанция – типология дистанции в менеджменте

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**Цель работы:** Основываясь на различных направлениях литературы по дистанционному управлению, предлагается схема, позволяющая сделать дискурс о дистанции ясным.

**Дизайн/Метод/Подход исследования:** После обзора наиболее актуальных концепций дистанции вводятся типология с пятью категориями, которые затем применяются к наиболее актуальным концепциям дистанции в менеджменте.

**Результаты исследования:** Четкая типология помогает четко определить и дифференцировать различные направления литературы о дистанции.

**Теоретическая ценность исследования:** С концептуальными категориями «тема», «размерность» и «уровень анализа» и эмпирическими категориями «переменные» и «расчет дистанции» концепции дистанции становятся более последовательными.

**Практическая ценность исследования:** Имея терминологию для различных аспектов дистанции, практикующие специалисты могут более четко сфокусироваться на конкретных средствах преодоления дистанции.

**Оригинальность/Ценность исследования:** В статье предлагается новая типология различных элементов дистанции.

**Ограничения исследования/Будущие исследования:** Введенная типология поможет в обсуждении дистанции в менеджменте.

**Тип статьи:** Концептуальный

**Ключевые слова:** международный менеджмент, интернационализация, культурная дистанция, психическая дистанция, институциональная дистанция.

## 1. Introduction

“Distance still matters” (Ghemawat, 2001), the title of an influential Harvard Business Review article, may sound self-evident, but is nevertheless still a divisive topic in the management discourse. On the one hand, increased globalization may have reduced international differences, thus making some authors proclaim the “death of distance” (Ellis, 2007; Yamin & Sinkovics, 2006). On the other hand, even with falling transport costs (Hutzschenreuter, Kleindienst, & Lange, 2014), distances on the societal, organizational, and individual level still remain, which has been especially visible during the pandemic that started in 2020. Hence, we might rather speak of “semiglobalization” (Ghemawat, 2007) when we talk about international exchange.

Whereas geographical distance can be conceptualized as the space between two locations, other, often metaphorical, types of distance have proliferated in international management, meaning that “there is no such thing as a general distance theory” (Beugelsdijk, Ambos, & Nell, 2018a, p. 1115). One of the reasons for this is that different types of distance can be contingent on the context, e.g., in e-business, geographic distance loses its relevance (Obadia, 2013). Another ground for the lack of clarity is that different types of distance have been applied without much thought given the underlying theories, leading to some confusion about the terms used. For example, ‘cultural distance’ has been frequently used for the concept of ‘psychic distance’ (Harzing, 2003; Sousa & Bradley, 2006), even though different distance measures do not correlate (Avloniti & Filippaios, 2014). In addition to this unclear terminology, the way many distance measures have been used in the management literature is fraught with a number of conceptual and methodological issues (Shenkar, 2001).

Therefore, there is no need for a new distance concept (Harzing & Pudelko, 2016), but rather for a concise typology for the existing distance types. In previous work, the author claimed that a blurry notion of level of analysis was the main issue in making different types of distance confusing (Botts, 2019). In this paper, this is expanded to five categories which will make a discussion of distance in management more clear.

After an overview of different types of distance used in management, three conceptual and two empirical categories of distance are discussed. These categories are then applied to a selection of seminal and current distance measures. Finally, implications for research and practitioners are given.

## 2. Distance in Management

Distance is central to international management literature (Williams & Grégoire, 2015), in other words “international management is management of distance” (Zaheer, Schomaker, & Nachum, 2012, p. 19) (emphasis in original). Going beyond mere geographic distances, the term has frequently been used as a metaphor for other forms of difference between markets, organizations, or people (Shenkar, Luo, & Yeheskel, 2008; Ambos & Håkanson, 2014; Håkanson, Ambos, Schuster, & Leicht-Deobald, 2016). In a research context, authors choose metaphors as a shorthand for more complex phenomena, therefore influencing the way they are understood (Hamington, 2009; Nguyen-Phuong-Mai, 2017). Further synonyms for distance have been ‘gaps’, ‘differences’, ‘foreignness’, and ‘unfamiliarity’ (Prime, Obadia, & Vida, 2009).

In the distance literature, words like “distance” or “difference” can convey meanings such as “problems” or “difficulty” (Smith, 2010), endangering further insights in research (Håkanson et al., 2016). This is especially telling in light of the more recent literature, which has shown positive effects of distance (Smith, Dowling, & Rose, 2011; Ambos & Håkanson, 2014; Hutzschenreuter et al., 2014; Harzing & Pudelko, 2016; Stahl, Tung, Kostova, & Zellmer-Bruhn, 2016).

In international management, distance is mostly seen as being an element of liability of foreignness (Rugman, Verbeke, & Nguyen, 2011), though some authors have challenged this notion and suggested concepts such as “friction” (Shenkar, 2001; Shenkar et al., 2008; Shenkar, 2012), “liability of outsidership” (Johanson & Vahlne, 2009), or “liability of newness and smallness” (Puthusserry, Child, & Rodrigues, 2014) instead. These new metaphors have themselves also been criticized for conveying negative effects of difference (Drogendijk & Zander, 2010), since foreignness can also be an asset for a company (Edman, 2016; Lu, Ma, & Xie, 2021).

Different distance concepts have been applied to different aspects of the international management and international marketing literature. Both the popular Kogut and Singh Index of cultural distance (Kogut & Singh, 1988), different measurements of institutional distance (Kostova et al., 2020), and psychic distance have been applied to market selection, entry mode, and the performance of foreign subsidiaries (Harzing, 2003; Ellis, 2008; Ambos & Håkanson, 2014). Other management topics have included HRM decisions (Smith et al., 2011) and order of internationalization (Ellis, 2008). In the marketing literature, psychic distance has been a variable in diverse topics such as buyer-seller relations (Klein & Roth, 1990), retail (Evans, Treadgold, & Mavondo, 2000), standardization (Sousa & Lengler, 2009), and distribution channels (Johnston, Khalil, Jain, & Cheng, 2012).

### Geographic Distance

The original concept of distance relates to the difference between two points in space and can, on the country level, be referred to as geographic distance. Despite increasing globalization, geography still plays a role in international management, be it different time zones, transportation costs, transit times, or the ease of attaining information (Dow & Karunaratna, 2006; Håkanson, 2014). Thus, starting in the 1970s, the idea of geographical distance has been combined with other types of distance (Goodnow & Hansz, 1972), since geography is not the only form of distance that impacts international trade (Beckerman, 1956).

### Psychic Distance

Psychic distance, first mentioned by Beckermann in 1956, “reflects a rational propensity to buy as near as possible, providing that other conditions such as price and quality of given products are the same” (Żurawicki, 1968, p. 330). The foundational literature on psychic distance stems from a series of publications from Uppsala University on firm internationalization (Wiedersheim-Paul, 1972; Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; Olson & Wiedersheim-Paul, 1978; Hallén & Wiedersheim-Paul, 1979), where psychic distance is one of the elements that influence the foreign market entry sequence of small and medium sized enterprises in what has been called the Uppsala Model (Johanson & Vahlne, 2003). With an origin in international business, the idea of psychic distance has also been widely adapted in fields such as marketing and strategic management, though the model has recently been challenged extensively (Ault, Newenham-Kahindi, & Patnaik, 2021; Håkanson, 2021; Treviño & Doh, 2021). At the same time, alternatives to psychic distance that retain a psychic factor have been proposed, such as cultural attractiveness (Li, Brodbeck, Shenkar, Ponzi, & Fisch, 2017).

The most often cited definition of psychic distance via the Uppsala School is “this concept is defined as factors preventing or disturbing the flows of information between firm and market” (Johanson & Wiedersheim-Paul, 1975, pp. 307-308), though a number of other definitions have been proposed (Botts, 2019), again leading to different operationalizations. Taken literally, “psychic distance” should occur on the psychological and thus individual level (Håkanson & Ambos, 2010; Tung & Verbeke, 2010), but an early Uppsala School publication differentiated between inter-firm, inter-country, and intra-firm distance (Hallén &

Wiedersheim-Paul, 1979, p. 312). This confusion about levels of analysis has also led to some muddling between subjective and objective psychic distance (Håkanson & Ambos, 2010; Prime et al., 2009), meaning that cultural distance has often been used as a proxy for psychic distance. More recent literature has revived the 'psychic' in psychic distance and connected it to theories such as perception of distance (Sousa & Bradley, 2006), situated cognition and affordance theory (Nebus & Chai, 2014), assimilation versus contrast bias (Parente, Baack, Almeida, & Tallman, 2007), or social comparison and social identity theory (Stahl & Tung, 2015; Håkanson et al., 2016; Yildiz & Fey, 2016).

### Psychological Distance

Psychic distance should not be confused with psychological distance, a concept from psychology that discusses the perceived distance between a person and another object or person (Lieberman & Trope, 2008; Lieberman, Trope, & Stephan, 2007). For instance, a distant event will be evaluated more abstractly than a more recent one, leading to a more uncertain evaluation (Trope, Lieberman, & Wakslak, 2007). Psychological distance has played a role in the marketing literature but has up to date not been in a discourse with the idea of psychic distance in international management (Botts, 2019), perhaps because of its very different pedigree.

### Cultural Distance

By far the most common type of distance in international management is cultural distance. Since both 'culture' and 'cultural distance' are latent concepts, this type of distance requires both an operationalization of culture, and a way of forming a distance score out of culture scores. Therefore, the Kogut and Singh Index (Kogut & Singh, 1988) has been the de facto standard of cultural distance measurement (Cuypers, Ertug, Heugens, Kogut, & Zou, 2018; Dow, Cuypers, & Ertug, 2016; Harzing & Pudelko, 2016), and also frequently used to operationalize psychic distance. The calculation of the index is based on squared Euclidian differences of Hofstede's culture dimension scores (Hofstede, 2001), which are added up and corrected for variance (Kogut & Singh, 1988), giving it an exponential form (Konara & Mohr, 2019).

The Kogut and Singh Index has been criticized from a number of angles, starting with the general criticism of Hofstede's work (Ailon, 2008) (Baskerville, 2003; Brewer & Venaik, 2012; Fougère & Moulettes, 2007; Jack, Calás, Nkomo, & Peltonen, 2008; Jackson, 2020; McSweeney, 2002; McSweeney, 2013; Taras & Steel, 2009), to issues with the calculation of the index itself. This includes a lack of measurement equivalence (van Hoorn & Maseland, 2014), the assumption of symmetrical distances between countries (Maseland, Dow, & Steel, 2018; Shenkar, 2001), high correlation between Hofstede's cultural dimension scores (Beugelsdijk, Kostova, Kunst, Spadafora, & van Essen, 2018b) (Yeganeh & Su, 2006), overestimating distance because of the formula used (Kandogan, 2012; Konara & Mohr, 2019), conflating level effects (Beugelsdijk, Kostova, Kunst, Spadafora, & van Essen, 2018b), and the more general criticism that cultural distances should not be collapsed into a single number (Beugelsdijk, Kostova, Kunst, Spadafora, & van Essen, 2018b; Beugelsdijk, Maseland, Onrust, van Hoorn, & Slangen, 2015; Hang & Godley, 2009; Håkanson & Ambos, 2010; Maseland, Dow, & Steel, 2018). These issues remain when other dimension scores than Hofstede's original four dimensions are used (Beugelsdijk et al., 2018a). In light of this extensive criticism, it is not surprising that applications of the Kogut and Singh Index have had weak effects and in general conflicting results (Cho & Padmanabhan, 2005; Håkanson et al., 2016; Maseland et al., 2018; Xu, Pan, & Beamish, 2004).

### Institutional Distance

As the most recent of the large streams of distance literature, institutional distance (Kostova, 1997; Kostova, 1999) captures a number of aspects of cross-country differences, such as legal systems or views on how business should be done. Based on Scott's institutional pillar model, this is operationalized with

regulative, normative, and cognitive elements of formal and informal institutions (Scott, 2014). This leaves institutional distance quite open for interpretation, since the original operationalization with domain specific elements (Busenitz, Gomez, & Spencer, 2000; Kostova & Roth, 2002) has not been further explored (Kostova et al., 2020), and other institutional distance measurements have used more eclectic selections of variables (Berry, Guillén, & Zhou, 2010; Salomon & Wu, 2012). This is not surprising given the challenges of operationalizing institutions (Voigt, 2013) in light of very different institutional paradigms (Kostova et al., 2020).

Other types of distance in management include the CAGE (cultural, administrative and political, geographic, economic distance) model (Ghemawat, 2001), which has been used as a framework in a number of empirical studies (Hutzschenreuter et al., 2014; Campbell, Eden, & Miller, 2012), social distance (Nyaupane, Teye, & Paris, 2008), country distance (Martin & Drozdowski, 2014), and distances in institutions, technology, and knowledge (Smith, 2010). A more detailed discussion of these distances can be found in a previous publication by the author (Botts, 2019).

Despite these extensive discussions of distance since the 1970s, a number of conceptual and empirical issues remain, which have been summarized as the 'illusion of symmetry', 'illusion of stability', 'illusion of linearity', 'illusion of causality', and 'illusion of discordance' on the conceptual level, and 'assumption of corporate homogeneity', 'assumption of spacial homogeneity', and 'assumption of equivalence' on the methodological level (Shenkar, 2001). It is not surprising then that some authors have questioned the overall use of 'distance', especially of psychic distance (Harzing & Pudelko, 2016; Stöttinger & Schlegelmilch, 1998; Stöttinger & Schlegelmilch, 2000), as well as the credibility of specific distance measurements such as the Kogut and Singh Index, from suggestions on improving calculations (Gerschewski, 2013; Kandogan, 2012; Yeganeh, 2014) to an outright rejection of the index (Håkanson et al., 2016; Harzing & Pudelko, 2016; Konara & Mohr, 2019).

## 3. Towards a Typology of Distance

In most reviews of distance concepts, the different research streams have been classified according to their names, especially the main four concepts of geographic distance, cultural distance, psychic distance, and institutional distance (Botts, 2019; Em, 2011; Harzing, 2003). These four types have frequently been differentiated into "hard" or "objective" distances, such as geographical distance, and "soft", "subjective", or "contextual" distances, such as psychic distance (Beugelsdijk et al., 2018a; Klein & Roth, 1990; Nebus & Chai, 2014; Stöttinger & Schlegelmilch, 1998). In a conceptual paper on psychic distance, Nebus and Chai discuss four types of distance and characterize them by measure, data, contribution, assumptions, what they overlook, as well as literature examples (Nebus & Chai, 2014). In this section of the paper, a new typology is introduced that consists of three conceptual and two empirical categories, as shown in Tab. 1.

### 3.1. Conceptual Categories

Since different concepts of distance result in very different distance measurements (Beugelsdijk et al., 2018a; Botts, 2019), in a first step three conceptual categories are introduced to make the underlying assumptions of distance definitions explicit.

### 3.2. Conceptual Categories

Corresponding largely to the previously introduced large streams of distance literature, the topic of distance delineates the conceptual anchor of distance. In geographic distance, distance can be physically measured in space. Psychic distance refers to the subjective level of distance and is connected to perceptions, assumptions, and mental maps (Botts,

2019; Håkanson et al., 2016; Nebus & Chai, 2014). Indirect distance includes distance types that are neither internal like psychic distance nor external like geographic distance, but rather function on the societal level and cannot be directly measured, such as values, regulatory systems, or ways of doing business. This distance topic includes cultural distance and most forms of institutional distance, as well as country-level antecedents of

psychic distance (Håkanson & Ambos, 2010; Dow & Karunaratna, 2006). While in practice, different types of distance have been conceptualized and empirically tested in various ways which have often been inconsistent, this category aims to inform the research about the further categories that will make a distance concept more consistent.

**Table 1:** Typology of Distance in Management

	Category	Characteristics
Conceptual	Topic	Geographic, Psychic, Indirect Distance
	Dimensionality	Unidimensional, Multidimensional
	Level of Analysis	Individual, Organizational, Societal/ Country
Empirical	Variables	Primary, Secondary
	Distance Calculation	Direct Measurement, Differences, Euclidian Distance, Mahalanobis Distance, Kogut and Singh Index

**Source:** developed by the author

### 3.3. Dimensionality

Distance can be measured with one dimension, meaning either the use of one variable, such as the distance between two points in geographic distance, or a compound variable such as the Kogut and Singh Index for cultural distance. In multidimensional distance concepts, different aspects of distance exist alongside each other. This often includes a geographical component, such as difference in time zone or spatial distance (Berry et al., 2010; Child, Rodrigues, & Frynas, 2009; Ghemawat, 2001; Håkanson & Ambos, 2010; Nebus & Chai, 2014; Sousa & Bradley, 2005). Institutional distance is usually multidimensional (Kostova et al., 2020), in accordance to Scott's three institutional pillars as discussed in the foundational research (Kostova, 1997; Kostova, 1999).

Psychic distance was conceptualized as multidimensional in the Uppsala School research but often measured unidimensional in the following decades, e.g., in the Mannheim School of psychic distance research that uses concentric circles to record distance perceptions towards a number of countries (Köglmayr, 1990; Müller & Köglmayr, 1986). More recent psychic distance measures returned to multidimensional concepts though, with more than 19 different ways of operationalizing psychic distance with multiple dimensions (Botts, 2019).

A danger of multidimensional distance concepts is what the author of this paper has called “distance inflation” (Botts, 2019), meaning that different distance dimensions not only correlate, e.g., a country with a different culture is also likely to have a different language, but distance scores can become less precise the further they are from the original country. This can be an outcome of ethnocentrism of researchers, in which the home region – usually the USA or Europe – are better known than, e.g., developing countries. The unidimensional, but composite Kogut and Singh Index can be criticized on similar grounds, given its dependence on Hofstede's arguably ethnocentric cultural dimension scores (Ailon, 2008; Fougère & Moulettes, 2007).

### 3.4. Level of Analysis

The level of analysis, i.e., individual, organizational, or societal level, is a central issue in cross-cultural research (Botts, 2021; Earley, 2009; Hofstede, 1995; Peterson & Castro, 2006; Smith, 2004), since the behavior of a manager from a specific country is not a proxy for that country's culture, and vice versa. Distance research in management unfortunately does not always make these levels of analysis clear (Prime et al., 2009).

Geography might be the least contentious distance construct in this regard, since it usually occurs on the national level, though

distances between individual cities, regions, or networks are also possible. Nevertheless, spatial distance between individuals is also a concept in cross-cultural research, and has entered cross-cultural communication studies and intercultural trainings in the form of proxemics (Hall, 1966).

Psychic distance was originally conceptualized on the individual level, i.e., the perception of a manager towards a target country (Dichtl, Koeglmayr, & Mueller, 1990; Koed Madsen, 1989; Olson & Wiedersheim-Paul, 1978; Sousa & Bradley, 2006). Another argument positions psychic distance on the organizational level, since the internationalizing subject is a firm (Hallén & Wiedersheim-Paul, 1979; Katsikeas, Skarmeas, & Bello, 2009). When using “objective” psychic distance concepts, cultural distance is frequently used as a proxy, and thus distance is conceptualized on the societal/cultural level there. Similarly, institutional distance was first conceptualized on the individual level, i.e., a manager's view of foreign institutions, whereas the current literature usually employs country level measurements (Kostova et al., 2020).

The levels between distance concepts and distance measure are therefore often asymmetric (Beugelsdijk et al., 2015). A further reason for asymmetric levels can lie within the model itself, when country-level characteristics are perceived by an individual, e.g., a manager making an internationalization decision. This has been recently further discussed with the help of Coleman's Boat (Dow, 2017; Maseland et al., 2018), a visual metaphor in which shifts of level of analysis become more clear. Another discussion on different levels of analysis takes distance origins, i.e., from whom distance is measured, and distance targets, i.e., to whom does distance extend, into account (Botts, 2019), which is summarized in Tab. 2. While the empty fields could be conceptualized as the average media view on different foreign individuals (country origin – individual target) or view on foreign companies (country origin – organizational target), and an organizational culture's (Schein, 1990) common perception of specific individuals (organizational origin – individual target) respectively, these have not been applied to cross-cultural management research so far.

### 3.5. Empirical Level

In a second step, two empirical issues in distance research are discussed, i.e., the operationalization of variables and the way that distance itself is measured. These two empirical issues appear identical in the case of measuring distance perceptions, e.g., when an individual is asked to rate or rank the difference between themselves and another country (Edwards, 2001). Nevertheless, they should be considered separately, since they correspond to different methodological issues.

Table o: Distance Origins and Targets

	Individual Origin	Organizational Origin	Country Origin
Individual Target	Social Distance; Psychological Distance		
Organizational Target	Psychological Distance	Intra-Firm Distance	
Country Target	Perceived Psychic Distance; domain specific Institutional Distance; Psychological Distance	Psychic Distance in the Uppsala School	Geographic Distance, Cultural Distance; Psychic Distance Stimuli; Institutional Distance using proxies

Source: adapted from Botts, 2019

### 3.6. Variables

Whereas geographic distance can use kilometers as a variable for distance in space, researchers need to carefully consider which variables to use for other distance scores, since most of the variables will be latent, meaning they cannot be measured directly. For example, psychic distance has been operationalized using measurements on the individual level, proxies on the country level, and the Kogut and Singh Index (Sousa & Lages, 2011). Thus, the literature distinguishes between ‘objective’ and ‘subjective’ psychic distance operationalizations (Håkanson & Ambos, 2010; Prime et al., 2009). This use of proxies for seemingly objective variables raises the question of their actual objectivity (Martín Martín & Drogendijk, 2014). Distances based on language differences or differences in legal systems might be the easiest to operationalize (Harzing, 2003), though empirical applications have often lacked nuances (Botts, 2019). For example, in Europe, speakers of different Slavonic languages will more easily understand each other than speakers of different Germanic languages. Thus, simply applying a branch system for calculating language distances (Dow & Karunaratna, 2006) can be misleading.

Therefore, variables for calculating distance should be distinguished between direct measurement (e.g., geographic distance), perception measurement (e.g., perceived psychic distance), and operationalization by proxy (e.g., cultural distance). The use of proxy variables requires further justification and a clear explanation, why a certain proxy is used for a specific variable. This is especially important for broad concepts such as ‘culture’ or ‘institutions’ (Kostova et al., 2020).

### 3.7. Distance Calculation

The concept of distance is generally seen as quantifiable in the management literature (Shenkar et al., 2008), thus raising the question of how to measure the variables. These calculation questions are central to the validity of using distance as a variable, since various issues such as symmetry or assumed linearity may occur (Shenkar, 2001).

In individual level distance concepts, direct measurement is possible, which has the advantage of making asymmetry of distance visible (Håkanson et al., 2016; Hallén & Wiedersheim-Paul, 1979; Köglmayr, 1990). Direct measure is possible via Likert-type scales, rank ordering, free magnitude scaling, concentric circles such as in the Mannheim School, and expert panels (Baack, Dow, Parente, & Bacon, 2015; Franke, Hill, Ramsey, & Richey, 2011; Håkanson et al., 2016). A critical issue of self-reported distance scores is that this implicitly forces the respondent to calculate their own distance scores (Edwards, 2001), in what is essentially a social comparison (Schuster & Ambos, 2012).

Calculated distance scores, on the other hand, are based on differentials between two scores, e.g., between two countries’ proxies for culture. In a review of the institutional distance literature, these calculated distances were grouped into simple differences, Euclidian distance, Mahalanobis distance, and the Kogut and Singh Index (Kostova et al., 2020). Similar arguments have been frequent in the cultural distance literature, where

absolute distances (Franke, Hill, Ramsey, & Richey, 2011) or Mahalanobis distances (Kandogan, 2012; Yeganeh, 2014) have been suggested over the common Kogut and Singh Index. Details on the different calculations and properties thereof can be found in the relevant literature (Kandogan, 2012). Finally, Ghemawat’s CAGE model employs an eclectic gravitational model that includes a number of binary variables, e.g., whether a colonial connection between two countries exists or not, a complex calculation of geographic distance taking major cities and population sizes into account, the log of the ratio of income, and the log of the product of GDP (Ghemawat, 2017).

Tab. 3 applies the aforementioned five categories to a sample of seminal and current distance concepts.

## 4. Discussion

The discussion of distance in management has long suffered from unclear conceptualizations and operationalizations. Very similar terms, such as ‘psychic distance’ and ‘psychological distance’ (Botts, 2019), or the muddling of psychic distance and cultural distance (Sousa & Bradley, 2006) have exacerbated this problem. Current developments, like the easier access to large datasets (Kostova et al., 2020) or the call for more individual level research, including experimental research (Baack, Dow, Parente, & Bacon, 2015), have underlined the need for more clarity. While new distance measures might not be the solution to this dilemma (Harzing & Pudzelko, 2016), a clear terminology and conceptualization of the distance measures that exist have been needed for a long time.

The suggested five categories for distance measure analysis will be useful for researchers and practitioners alike. For a researcher, this framework can be a guideline through the distance literature and its frequently confusing terminology. In empirical work, it can be made more clear which concepts are used and which variables are therefore applied. Care still needs to be taken to make distance concepts and empirical applications explicit, so that readers will understand what specific form of distance is employed.

For practitioners, bridging distances in a globalized world is crucial. If distances exist on the individual level, this can mean training managers to overcome such distances, e.g., with intercultural trainings (Waxin & Panaccio, 2005), since experiences with other cultures can lower distance perceptions (Dow & Larimo, 2009). In case of secondary distance concepts such as cultural distance, focusing on managers with specific cultural knowledge can be fruitful (Shenkar, 2001), though research has shown that low cultural distance can lead to high perceived psychic distance (Botts, 2019). While the study did not investigate individual motives, it is plausible that in-depth knowledge about a culture can lead to a more nuanced, and thus distanced, view of that culture.

For future research, these interactions of different forms of distance need to be further explored, given that they measure different phenomena (Avloniti & Filippaios, 2014). Furthermore, distance concepts from outside the field of management can bring new insights into a stalling discourse. Finally, while



management scholars often focus on outcomes of distance, e.g., as a variable that influences foreign direct investment, the development of distance on the micro-level is still under researched (Baack, Dow, Parente, & Bacon, 2015).


The author hopes that the framework presented in this paper can aid in “disentangling” distance (Em, 2011) to improve the discourse on this central topic in international management.

**Table 3:** Sample Distance Concepts


Distance Name	Paper	Form	Dimensionality	Level of Analysis	Variables	Distance Calculation
Mannheim School Psychic Distance	Müller & Köglmayr 1986	Psychic Distance	Unidimensional	Individual	Direct measurement of perception	Direct measurement via concentric circles
Cultural Distance	Kogut & Singh 1988	Indirect Distance	Unidimensional (composite of four variables)	Country	Hofstede cultural dimensions as proxies	Kogut and Singh Index
CAGE Framework	Ghemawat 2001, 2017	Indirect Distance	Multidimensional	Country	Macro-Level variables from various sources as proxies	Gravitational model with eclectic variables
Institutional Distance	Kostova 1997	Indirect Distance	Multidimensional	Individual	Direct measurement of perception	Direct measurement via Likert-type scale with country experts
Psychic Distance Stimuli	Dow & Karunaratna 2006	Indirect Distance	Multidimensional	Country	Macro-Level variables from various sources as proxies	Absolute distance, with an adaptation of the Kogut and Singh Index for culture
Institutional Cross-National Distance	Berry et al. 2010	Indirect Distance	Multidimensional	Country	Macro-level variables from various sources as proxies	Mahalanobis distance
Perceived Psychic Distance	Botts 2019; Johnston et al. 2012	Psychic Distance	Multidimensional	Individual	Direct measurement of perception	Direct measurement via Likert-type scale

Source: developed by the author

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