Kaunas University of Technology

School of Economics and Business

Psychic Distance Impact on Export Performance: The Role of Firm's International Experience

Master's Final Degree Project

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Declaration of Academic Integrity

I confirm that the final project of mine, Vaida Kairiūkštienė, on the topic „Psychic Distance Impact on Export Performance: The Role of Firm's International Experience" is written completely by myself; all the provided data and research results are correct and have been obtained honestly. None of the parts of this thesis have been plagiarised from any printed, Internet-based or otherwise recorded sources. All direct and indirect quotations from external resources are indicated in the list of references. No monetary funds (unless required by Law) have been paid to anyone for any contribution to this project.

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Summary

Nowadays, Lithuanian exporting firms are forced to search for business opportunities in foreign distant countries, as close markets are small and competitive, BREXIT and COVID-19 are limiting export amounts to EU countries and main export country, namely Russia, is facing instable political and economic situation. However, firms that perform export operations in distant countries are facing with challenges and constraints, resulting from cultural, business, political system, economic, geographic and other various differences between countries, that create psychic distance, thus affecting the results of export activities.

International business and marketing literature widely analyzed psychic distance impact on export performance, meanwhile, the results were inconsistent. Moreover, studies identified that psychic distance as a single element fails to explain its impact on export performance and identified that relationship mainly depends on various firm's characteristics, referring to size, resources and international experience. At the same time, scientific literature presented contradictory conclusions on explaining firm's international experience role on the link between psychic distance and export performance; moreover, a gap of studies in Lithuanian context were identified, thus requiring additional investigations in this field.

This empirical investigation aims to evaluate psychic distance impact on export performance in terms of firm's international experience role in Lithuania context, corresponding to the following research objectives:

1. To expose the importance for the link between psychic distance, export performance and firm's international experience.
2. To analyze the theoretical preconditions for the link between psychic distance, export performance and firm's international experience.
3. To develop a theoretical model for the link between psychic distance, export performance and firm's international experience.
4. To test empirically the theoretically proposed model in order to identify psychic distance impact on export performance in terms of firm's international experience role, considering Lithuanian country context, and propose recommendations for exporting firms.

The research was performed by employing quantitative data, that was collected from 44 Lithuanian exporting firms, operating in food industry. Moreover, managers were requested to indicate one of their export countries they perceive as distant and one as close in terms of psychic distance, corresponding that 33 different export countries were included in the research. Additionally, CAGE

online tool was employed, that revealed the nature of psychic distance in terms of individuals' perceived differences. Thereafter, bivariate as well as multivariate statistical methods were applied to analyze the collected quantitative data, referring to the identification of positive psychic distance impact on export performance, thus confirming existence of "psychic distance paradox" in food industry and Lithuanian context. These results presented, that export activities are more successful in distant markets of the following reasons: high level of managers comprehensive preparation for export activities, lower level of competition and higher purchase power. Finally, moderation analysis was performed to investigate firm's international experience role on the link between psychic distance and export performance, revealing a positive effect on achievement of strategic goals and satisfaction with export performance under low firm's international experience (scope) conditions, that was captured in terms of number of countries firm is exporting. This outcome presented, that firms achieve better results from export activities while working with a smaller number of export countries. Further, negative affect of psychic distance on satisfaction with export performance under high level of firm's international experience (scope) was identified, indicating that firms fail to generate good results of export activities while working with many export countries. The research results were contradictory with proposed hypotheses, thus concluding that firms achieve better results of export activities in distant countries under low firm's international experience (scope) in Lithuania and food industry context.

Kairiūkštienė, Vaida. Psichologinio atstumo įtaka eksporto rezultatams: įmonės tarptautinės patirties vaidmuo. Magistro baigiamasis projektas / vadovė prof. dr. Jurgita Sekliuckienė; Kauno technologijos universitetas, Ekonomikos ir verslo fakultetas.

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Santrauka

Šiuo metu dauguma Lietuvos eksportuojančių įmonių ieško verslo galimybių tolimose užsienio šalyse, nes artimos rinkos yra mažos ir labai konkurencingos, BREXIT ir COVID-19 apribojo eksporto apimtis į EU šalis, o pagrindinė eksporto šalis Rusija pasižymi nestabilia politine ir ekonomine situacija. Tačiau įmonės, kurios vykdo eksporto veiklą tolimose rinkose, susiduria su įvairiais apribojimais ir iššūkiais, atsirandančiais dėl kultūrinių, verslo, politinės sistemos, ekonominių, geografinių ir kitų skirtumų, sukuriančių psichologinį atstumą, kuris įtakoją įmonės eksporto veiklos rezultatus.

Psichologinio atstumo įtaka įmonės eksporto rezultatams buvo detaliai analizuojama tarptautinėje verslo ir rinkodaros literatūroje, tačiau poveikio rezultatai buvo prieštaringi. Be to, buvo nustatyta, kad psichologinio atstumo įtaka įmonės eksporto rezultatams priklauso nuo įvairių organizacinių veiksnių: išteklių, dydžio ir tarptautinės patirties. Tačiau, mokslinė literatūra pateikė prieštaringas tyrimų išvadas, kurios atskleidžia įmonės tarptautinės patirties vaidmenį psichologinio atstumo ir eksporto rezultatų sąveikoje; be to, nustatytas tyrimų trūkumas Lietuvos kontekste, tai nulėmė papildomų tyrimų poreikį šioje srityje.

Šiuo empiriniu tyrimu siekiama įvertinti psichologinio atstumo įtaką eksporto rezultatams įmonės tarptautinės patirties vaidmens sąveikoje Lietuvos kontekste, o tikslo pasiekimui iškelti šie uždaviniai:

1. Atskleisti psichologinio atstumo, eksporto rezultatų ir įmonės tarptautinės patirties sąveikos svarbą.
2. Išanalizuoti psichologinio atstumo, eksporto rezultatų ir įmonės tarptautinės patirties sąveikos teorinius požiūrius.
3. Sukurti teorinį modelį, kuris atskleistų psichologinio atstumo, eksporto rezultatų ir įmonės tarptautinės patirties sąveiką;
4. Atlikti tyrimą, pagal sukurtą teorinį modelį, kurio tikslas išsiaiškinti psichologinio atstumo įtaką eksporto rezultatams tarptautinės patirties vaidmens sąveikoje Lietuvos kontekste ir pateikti rekomendacijas eksportuojančioms įmonėms.

Empirinis tyrimas atliktas naudojant kiekybinius duomenis, kurie buvo surinkti iš 44 Lietuvos eksportuojančių maisto sektoriaus įmonių. Be to, įmonės atstovai turėjo nurodyti vieną iš eksporto šalių, kurią suvokia kaip psichologiškai nutolusią ir vieną, kurią vertina kaip psichologiškai artimą Lietuvos šaliai. Dėl to, 33 skirtingos eksporto šalys buvo įtrauktos į empirinį tyrimą. Be to, buvo pritaikytas CAGE instrumentas, kurio tikslas išsiaiškinti, ar subjektyviai vertinamos šalys atitinka

objektyvų šalių vertinimą, kuris atskleidė, kad psichologinis atstumas – asmens subjektyviai suvokiami skirtumai tarp šalių. Vėliau įvairūs statistiniai metodai buvo pritaikyti kiekybinių duomenų analizei, kurių rezultatai parodė, kad psichologinis atstumas teigiamai įtakoja eksporto rezultatus, o ši išvada patvirtino „psichologinio atstumo paradokso“ egzistavimą Lietuvos ir maisto sektoriaus kontekste. Be to, buvo nustatyta, kad teigiamą psichologinio atstumo ir eksporto rezultatų sąveiką lemia šios priežastys: didesnės darbuotojų pastangos, ruošiantis eksporto veiklai, mažesnė konkurencija ir didesnė perkamoji galia tolimose šalyse. Galutiniame rezultate, statistiniais metodais buvo įvertintas įmonės tarptautinės patirties vaidmuo psichologinio atstumo ir eksporto rezultatų sąveikoje. Rezultatai parodė, kad psichologinis atstumas teigiamai įtakoja strateginių tikslų pasiekimą ir pasitenkinimą eksporto rezultatais, kai įmonė turi mažą tarptautinę patirtį, apibrėžtą eksporto šalių skaičiumi. Be to, rezultatai parodė, kad psichologinis atstumas neigiamai įtakoja pasitenkinimą eksporto rezultatais, kai įmonė turi didelę tarptautinę patirtį, apibrėžtą eksporto šalių skaičiumi. Šios tyrimo išvados nepatvirtino iškeltų hipotezių, tačiau parodė, kad Lietuvos maisto sektoriuje veikiančios įmonės pasiekia geresnius eksporto rezultatus tolimose šalyse, kai turi mažą tarptautinę patirtį, matuojamą eksporto šalių skaičiumi.

Table of contents

List of figures

List of tables

Introduction

Shrinking political and legal policies, social and trade barriers are creating opportunities for companies to expand business activities internationally. Firms which start international operations obtain bigger opportunities for faster business growth, access to international key customers and gain new capabilities for business models. However, firms entering international markets, especially far ones, face with high level of uncertainty and complexity, that affect the outcomes of international business activities. Under these conditions, evaluation of the differences between home country and foreign country becomes a critically important issue to ensure successful business operations in foreign markets.

Lithuanian firms are constantly searching for opportunities to expand business activities internationally as local market is small and competitive. Lithuanian companies are widely exporting to Europe and Russia markets (Enterprise Lithuania, 2020). At the same time, due to high competition, instable political situation in Russia, BREXIT and other difficulties companies are forced to search export possibilities in more distant foreign markets. Enterprise Lithuania (2020) data confirms that Lithuanian export amount to distant countries, such as United Stated and Japan, has been increasing in the last years. However, firms which export goods to such distant markets are facing with challenges and constraints, resulting from cultural, business, political system, economic, geographic, and other differences between countries, that affect export activities. These differences between home country and foreign country in scientific literature are captured in term of psychic distance concept.

The relevance of the topic. Psychic distance is widely analyzed in scientific literature (Evans, Mavondo and Bridson, 2008) and defined as an important factor affecting the results of export performance (Ojala and Tyrväinen, 2009). Some scholars identified positive effect on export performance (O' Grady and Lane, 1996; Magnusson, Schuster and Taras, 2014); meanwhile, others presented negative impact (Magnussson, Zdravkovic, Baack and Amine, 2008). Many scholars (Evans, Treadgold and Mavondo, 2000; Assadinia, Kadile, Gölgeci and Boso, 2019) agreed that psychic distance as a single element fails to explain its impact on export performance and presented that relationship depends on firm's characteristics, referring to size, resources and international experience. However, international business literature presented inconsistent results on explaining international experience role on the link between psychic distance and export performance: Evans, et al., (2008) studies presented that accumulated international experience allows to perform export activities successfully in psychically distant markets; Virvilaitė and Šeinauskienė (2015) concluded that under high level of firm's international experience conditions, psychic distance negatively impact export market share; Eramilli (1991) studies identified that higher degree of international experience allows for firms to become more geographically diversified, referring to the positive association; Nakos and Brouthers (2005) concluded that international experience is negatively related with export performance; Masso, Rõigas and Vahter (2015) studies presented that international experience plays an important role only in region-specific markets. Controversially results on the relationship between psychic distance and export performance in terms of firm's international experience role, presents the relevancy of the selected subject.

The **research gap** is based on the lack of studies that reveal psychic distance impact on export performance in Lithuanian context. Moreover, a limit of studies was identified that capture psychic

distance impact on export performance in terms of firm's international experience role in Lithuanian country context.

Based on the identified research gap in the scientific literature, the research problem in this master thesis is formed in the terms of the question, as following: **What is the impact of psychic distance on export performance in terms of firm's international experience role in Lithuanian context?**

The **research object** of the master thesis is psychic distance impact on export performance in terms of firm's international experience role in Lithuanian context. The **research aim** is to evaluate psychic distance impact on export performance in terms of firm's international experience role in Lithuanian context.

The **research objectives** of this master thesis are the following:

1. To expose the importance for the link between psychic distance, export performance and firm's international experience.
2. To analyze the theoretical preconditions for the link between psychic distance, export performance and firm's international experience.
3. To develop a theoretical model for the link between psychic distance, export performance and firm's international experience.
4. To test empirically the theoretically proposed model in order to identify psychic distance impact on export performance in terms of firm's international experience role, considering Lithuanian country context, and propose recommendations for exporting firms.

The research methods. Scientific literature review was performed to reveal the theoretical preconditions for the link between psychic distance, export performance and firm's international experience. The quantitative research method was applied for data collection from Lithuanian exporting firms to assess psychic distance impact on export performance in terms of firm's international experience role. Additionally, CAGE comparator tool was employed for objective psychic distance evaluation. Thereafter, the collected quantitative data was analyzed by employing IBM SPSS Statistics and IBM SPSS Amos 26 in terms of the following bivariate and multivariate statistical techniques: descriptive statistics, Spearman's correlation, explanatory factor analysis, confirmatory factor analysis, simple linear regression. Finally, the PROCESS macro was applied to assess whether firm's international experience plays a moderator role on the link between psychic distance and export performance and to evaluate under which circumstances the moderator role is significant.

Results of the research. Firstly, problem analysis introduced contradictory results for the link between psychic distance, export performance and firm's international experience and determined importance of a deeper analysis in this field. Thereafter, the theoretical preconditions for the link between psychic distance, export performance and firm's international experience part introduced complexity of psychic distance and export performance constructs; moreover, defined that relationship between psychic distance and export performance depends on various organizational and managerial factors; thereafter, introduced that firm's international experience is a key element affecting the link. Corresponding to this, a theoretical model for the link between psychic distance, export performance and firm's international experience was created. The part of the research methodology of the psychic distance impact on export performance in terms of firm's international

experience introduced the research model and hypotheses, revealed research approach and methods, explained the research tool and measurements, introduced the context and limitations of the research. Finally, the results of the empirical investigation of psychic distance impact on export performance in terms of firm's international experience role in Lithuania context part revealed how the research constructs and its dimensions were tested, introduced discussion, recommendations for exporting firms and provide directions for further investigations.

The structure of the research. This research contains the following parts: an introduction, problem analysis for the link between psychic distance, export performance and firm's international experience, theoretical preconditions for the link between psychic distance, export performance and firm's international experience, research methodology of the psychic distance impact on export performance in terms of firm's international experience role, results of the empirical investigations of psychic distance impact on export performance in terms of firm's international experience role, conclusions and recommendations. The master thesis consists of 94 pages, 38 tables, 9 figures, 97 references, 5 appendices and 4 sources of information.

1. Problem analysis for the link between psychic distance, export performance and firm's international experience

Physic distance is widely analyzed in international business literature in terms of explaining the concept (Beckerman, 1956; Sousa and Bradley, 2006; Johanson and Wiedersheim–Paul, 1975), its impact on organizational performance (Evans et.al, 2000; Azar and Drogendijk, 2016), export performance (Ahamed and Skallerud, 2013; Virvilaitė and Šeinauskienė, 2015) and development (Stottinger and Schlegelmilch, 1998), firms internationalization behavior (Bhowmick, 2018; Fletcher and Bohn, 1998); moreover, on examining psychic distance dimensions (Puthusserry, Child and Rodrigues, 2013; Ambos, Deobald, Leinemann 2018) and its measurements (Dow and Karunaratna 2006; Sousa and Lages, 2009), capturing in terms of psychic distance paradox (Hosseini, 2006; O' Grady and Lane, 1996; Magnusson et al., 2014).

Analysis of previous studies identified that psychic distance is a complex construct, resulting difficulties in conceptualization and operationalization of this construct. Due to these complexities, scholars captured psychic distance in terms of different perspectives, including national level, individual level, firm level or by employing few of them. However, no consensus between scholars of psychic distance impact on organizational and export performance in terms of different perspectives were identified. Some scholars determined positive association between psychic distance and export performance; meanwhile, others defined negative or no significant relationship between these constructs.

Furthermore, previous studies identified that psychic distance as a single construct fails to explain its impact on export and organizational performance, resulting that psychic distance and export performance were captured in terms of various organizational, managerial and other factors, affecting the relationship between these constructs. At the same time, the results of psychic distance impact on export and organizational performance in terms of various characteristics were contradictory in academic literature.

Johanson and Wiedersheim – Paul (1975) studies analyzed psychic distance in terms of Swedish firms' internationalization process and concluded that psychic distance is one of the key elements that impacts export activities and organizational performance. Moreover, the scholars identified that due to the lack of resources and knowledges about foreign markets, firms start international operations in neighboring countries and by incremental actions move to more distant countries. The scholars emphasized that distant countries relate with a high level of differences in culture, language, level of industrial development, that disturb information flow between partners from home country and foreign country, thus resulting poor outcomes of export activities and organizational performance. According to the scholars, firms that perform activities in similar foreign markets achieve better results of business operations.

O' Grady and Lane (1996) argued that export operations in psychically close countries may generate poor export performance results. The scholars conducted studies in 32 retail Canadian companies which launched foreign direct investments (FDI) in USA. The scholars identified positive relationship between psychic distance and export performance and determined this relation in terms of "psychic distance paradox". The scholars concluded that export operations in psychically close markets fail to reach superior export performance. In contrast, performing business operations in psychically distant

markets generates better results of firm's export activities. The scholars explained "psychic distance paradox" by emphasizing that managers understand psychically distant markets in terms of high level of uncertainty, that motivate them to conduct more comprehensive distant market analysis. However, psychically close foreign markets are perceived like home markets, resulting low preparation for business activities and consequently, poor export performance results.

Coldwell and Joosub (2018) examined psychic distance impact on South Africa multinational firms' internationalization process in terms of FDI. The scholars employed cross sectional research design and applied quantitative (survey) and qualitative (semi-structured interviews) techniques. The research findings presented that psychic distance impacts FDI results positively as well as negatively. The scholars explained these results in terms of management characteristics, by indicating that managers' business and personal experience as well as network of business contacts influence their decisions related to internationalization process more heavily than objective psychic distance dimensions. Finally, the scholars concluded that psychic distance affects internationalization process positively as well as negatively. Based on these findings, the scholars suggested to define "psychic distance paradox" as a myth, since this paradox does not exist in a practice.

Fletcher and Bohn (1998) analyzed psychic distance impact on the internationalization process in terms of management characteristics. The scholars conducted empirical research in Australia by employing survey instrument, thus getting the results from companies which export services and goods. The studies presented that psychic distance impacts internationalization process differently, depending on the internationalization process stage. Moreover, the study's results identified that firms start internationalization process in psychically close markets and later move to psychically distant markets. The scholars also concluded that managers' knowledge about different cultures significantly impact understanding about psychic distance. The scholars explained this association by determining that experienced managers are more likely to implement business transaction in psychically distant countries; in contrast, inexperienced managers start international projects in close markets in terms of psychic distance. Moreover, the studies identified that perceived psychic distance is lower when firms hire employee from psychically distant country. The scholars explained this outcome by revealing that managers from psychically distant country have more realistic evaluation of complexity, ambiguity and risk related of performing business in distant markets.

Hosseini (2006) analyzed psychic distance, "psychic distance paradox" and behavioral economics in terms of multinational corporation's entry modes to foreign markets. The scholar highlighted importance of decision makers in behavioral economics context, by indicating that human beings have different skills and experience, resulting different interpretation of psychic distance. According to the scholar, some individuals associate psychic distance with a high level of uncertainty in terms of cultural, political, economic and geographic dimensions, resulting managers decision to perform international projects in psychically close markets, thus avoiding complexities in psychically distant markets. At the same time, scholars presented that in some cases performing business activities in psychically close markets may lead to poor business results. Based on these findings, the scholars proposed for decision makers to capture psychic distance and "psychic distance paradox" to ensure successful performance of international projects.

Evans, et al., (2008) examined psychic distance in terms of organizational characteristics (firm's international experience and centralized decision making), entry and retail strategies and its' impact

on organizational performance. Their studies identified that psychic distance, firm's international experience and adaptation of entry and retail strategies are critical important factors effecting the organizational performance outcomes. The scholars identified that superior organizational performance in psychically distant markets is expected under retail strategy adaptation circumstances. Moreover, the scholars concluded that export operations in psychically similar markets fail to lead to superior export performance, since this environment is full of competition. Finally, the scholars concluded that accumulated firm's international experience allows to perform export activities more successfully in psychically distant markets.

Virvilaitė and Šeinauskienė (2013) analyzed psychic distance impact on export marketing strategy and export performance in SME's context. The scholars captured psychic distance in terms of perceived differences between home country and foreign country. The academics employed comparative and systematic analysis of academic literature and proposed conceptual model for the psychic distance impact on export marketing strategy and performance. The scholars identified that psychic distance impacts export performance and export marketing strategy positively under high level of market experience circumstances. The scholars explained that market experience reduce perceived differences between home market and foreign market, resulting better results of export activities. Thereafter, the scholars revealed that greater market experience lead to better outcomes of export activities, thus resulting an increase of firm's resources. Moreover, the increased resources allow to ensure adaptation of export marketing strategy.

Sousa and Bradley (2006) studies analyzed psychic distance in comparison to cultural distance. The scholars captured psychic distance in terms of individuals' perceptions about the distances between home market and foreign market, while cultural distance was evaluated at the cultural level. The scholars highlighted that individual's perception is a subjective matter that may differ between individuals, resulting differences in psychic distance evaluation between home country and foreign country, thus generating different outcomes of export activities. The scholars determined that managers are more likely to proceed international business activities in foreign countries which they perceive like home country; in contrary, is less likely that managers will initiate export activities in markets, they perceive as very different to their home markets. Moreover, the scholars emphasized the relevance of appropriate evaluation of individuals' perceived difference between home and foreign countries, resulting better outcomes of export operations. Thereafter, the academic studies presented the importance of capturing psychic distance on individuals' level in order to reduce the perceived differences, thus contributing to better outcome of export activities. Finally, scholars concluded that psychic distance and cultural distance are different concepts, resulting necessity of different firm actions to ensure superior export performance.

Sousa and Lages (2009) studies evaluated psychic distance impact on international marketing strategy in terms of country and people distance dimensions. The scholars employed structural equational model to get reliable and valid results. The academics captured psychic distance in terms of individual's perception on people dimensions (lifestyles, consumer preferences, language, cultural values, traditions and attituded, etc.) and country dimensions (level of industrial and economic development, marketing competitiveness, legal regulations, etc.), thus revealing that psychic distance is significantly and positively associates with the level of marketing strategy adaptation. The scholars explained this positive relationship, by indicating that managers perceive differences in terms of

country and people dimensions, that allow to adapt international marketing strategy, thus resulting better outcomes of business operations in foreign market.

Stöttinger and Schlegelmilch (1998) studies evaluated psychic distance in terms of organizational performance and export development by employing cross-countries (USA and other 14 countries) comparison. The scholars captured psychic distance in terms of managerial perception about the difference between home country and foreign countries. Moreover, the results were compared with existing theoretical findings. The studies presented contradictory results for the link between psychic distance and export development in terms of decision makers and different countries context. In some country comparison cases, no significant psychic distance impact on financial indicators (export growth, export sales to total company's sale) was identified. Meanwhile, in other international comparisons cases, it was identified that psychic distance positively impacts sales indicators. Based on identified inconsistent results, the scholars concluded that there is no significant empirically supported psychic distance impact on export development. Moreover, for further investigations, the scholars proposed to capture psychic distance impact on export performance in terms of longitudinal approach, thus evaluating consistency of the results.

Assadinia et al., (2019) studies examined psychic distance and planning of marketing program effect on the link between export learning process and export performance. The scholars employed survey instrument and performed information collection from various industries exporting firms in Nigeria. The empirical research was conducted in Nigeria as this country plays an important role in international business activities by having one of the largest open market economies and being most populated in Saharan Africa region. In their studies, psychic distance was understood as individual's perceived distance between home country and export country. The empirical findings presented that psychic distance plays a moderator function on the link between export learning orientation and firm's export performance. Moreover, the studies identified that psychic distance negatively affect the relationship between these two elements. The scholars explained that firm's efforts to gain knowledge and information about psychically distant markets fail to ensure success in export activities. However, controversary results were identified in terms of psychic distance effect on the link between planning marketing program and firm's export performance. The scholars explained positive relationship, by revealing the importance of firm's efforts on internal plans adaption and implementation, thus resulting successful internationalization process.

Magnusson, Schuster and Taras (2014) studies explained "psychic distance paradox" in terms of the team level. Differently from other studies, the scholars argued that firm level is too broad unit for empirical analysis, resulting difficulties in studies validation and long data collection processes. Corresponding to these problems, the scholars captured "psychic distance paradox" in terms of global teams with a higher level of education. The empirical studies identified positive relationship between psychic distance and export performance and explained this relationship in terms of managerial implications. Moreover, the scholars identified, that operations in psychically distant markets associate with a high level of uncertainty and complexity in terms of cultural, economic, geographic and other differences, and motivate managers to invest more efforts in searching and planning activities in foreign market, thus generating better results of export activities.

Virvilaitė and Šeinauskienė (2015) analyzed psychic distance impact on export performance in terms of moderator role – firm's international experience and proposed that psychic distance impact export

performance positively under high international experience conditions; psychic distance influences export performance negatively under low firm's international experience conditions. The scholars employed quantitative research technique to test the propositions and arranged data collection from Lithuanian exporting firms, operating in various industries. Before analyzing moderator role on the link between psychic distance and export performance, the scholars assessed psychic distance impact on financial export performance indicators (export sales growth, export market share, export profitability, export sales volume). The results presented that psychic distance is negatively associated with all export performance indicators. The scholars explained this outcome by indicating that psychic distance increases the individual's perceived differences, thus generating negative results of export activities. Thereafter, the scholars employed moderated regression analysis to capture significant relationships between psychic distance and export performance variables in terms of firm' international experience function, that were captured in terms of number of years firm is exporting, reflecting length dimension, number of countries firm is exporting, indicating scope dimension, and ratio of export sales in comparison to total firm's sales, revealing export intensity. The research results presented, that firm's international experience plays a moderator role for the link between psychic distance and export performance under some circumstances, corresponding that psychic distance negatively impacts export performance (export sales growth, export sales volume) under low export intensity level. However, under average and high international experience, reflecting scope dimension, psychic distance negatively influences export performance, thus rejecting the scholars' propositions. Evaluating received results, for future investigations, the scholars proposed to test the hypotheses repeatedly in industry specific context.

Puthussery, Child and Rodrigues (2013) examined psychic distance impact on business activities in terms of partners' perception about the differences between home country and foreign country. The scholars employed quantitative and qualitative techniques and measured psychic distance in terms of wide range of psychic distance dimensions introduced by Ghemawat (2001), Brewer (2007), Dow and Karunaratna (2006). The research findings introduced that psychic distance is interpreted differently by partners from different countries, resulting inconsistent results of psychic distance impact on business activities. Moreover, the scholars identified that constituent dimensions of psychic distance have different impact on the results of business activities. The scholars explained that cultural differences (language, social norms, values, etc.) are easier managed by individual's action adaptation. In contrast, institutional differences (regulation, political and legal system, etc.) are interpreted by managers in terms of complexity and ambiguity and bring more challenges, resulting significant negative impact on business. Finally, the scholars concluded that psychic distance can be captured in terms of various dimensions, thus impacting business activities differently; moreover, the relationship results depends on country and sector context.

As in previous sections introduced, many investigations have been performed in analyzing psychic distance impact on export performance in terms of various organization, managerial or other characteristics under different psychic distance perspectives. At the same time, studies presented inconsistent results on the relationship between psychic distance and export performance. Previous results identified positive, negative as well as no significant or no relationship between psychic distance and export performance. Moreover, analysis of scientific literature introduced difficulties in understanding the outcomes of the link between psychic distance, export performance and firm's international experience. These contradictions identified in previous studies require additional

investigation for the link between psychic distance, export performance and firm's international experience.

Additionally, previous analysis presented that most studies of psychic distance impact on export performance in terms of various factors were conducted in USA, Australia, Asia or Western Europe countries. However, a lack of studies of psychic distance impact on export performance in terms of firm's international experience role was identified in Lithuania context. Lithuanian is a small country with a high level of competition in internal market, resulting necessity for firms to search opportunities in foreign countries, especially distant ones, where competition is lower and higher degree of business opportunities. At the same time, firms entering distant foreign markets face with high level of complexity and uncertainty, caused by cultural, administrative, geographic, economic and other differences, referring to psychic distance, that affect the results of export operations. Evaluation of these differences and its impact on export performance in terms of firm's international experience become a critically important task to ensure successful outcomes of export activities.

In conclusion, findings above introduced necessity of deeper investigations of psychic distance impact on export performance in term of firm's international experience role in Lithuania country context.

2. Theoretical preconditions for the link between psychic distance, export performance and firm's international experience

In this part of the research psychic distance concept and its perspectives, various theoretical frameworks of psychic distance dimensions, export performance concept and its measures are revealed. Further, the link between psychic distance and export performance are explained as well as the link between psychic distance, export performance and firm's international experience are proposed.

2.1. Psychic distance concept and its perspectives

Psychic distance concept was introduced by Beckerman (1956), who identified that trade flow between countries is affected not only by economic and geographic distances, but also by psychic distance. The scholar explained this concept in terms of factors such as differences in languages, ways of communication, developed relationship, etc. between potential purchases and suppliers from different countries. Beckerman (1956) concluded that trade flow is likely when partners are "nearer" in psychic distance evaluation. Linnemann (1966) also defined psychic distance in terms of factors that affect commodity flow between countries and concluded that the larger psychic distance between the countries, the lower level of the trade flow.

The research studies of multinational Swedish firms' internationalization process in 1975 year allowed to introduce broader view of psychic distance concept in international business literature. Johanson and Wiedersheim – Paul (1975) defined psychic distance in terms of factors not only as differences in language, cultivated relationship between partners, as previous scholars relied on, but also as differences in political system, culture, education level, etc. Swedish scholars highlighted that these differences disturb information flow between partners. The scholars also analyzed correlation of geographic and psychic distances, thus concluding, that firms perform foreign activities more successfully when psychic distance is lower between home market and foreign market.

The psychic distance concept has been redefined depending on how scholars operationalized this concept, as no agreed measurements for psychic distance were identified (Hang and Godley, 2009). Scientific literature presented that scholars measured psychic distance in terms of different perspectives, including national, individual, or firm, resulting different definitions of psychic distance concept (Sousa and Bradley, 2008). For example, Johanson and Wiedersheim – Paul (1975) operationalized psychic distance concept on national perspective. Nordstrom and Vahlne (1994) argued that psychic distance concept should be operationalized on individual perspective as a result, defined psychic distance concept in terms of individual's perception about differences between home and foreign countries. Fletcher and Bohn (1998) also explained psychic distance in terms of managers perceived differences, that are influenced by their culture, knowledges, international experience. Evans and Mavondo (2002) also defined psychic distance concept on individual perspective. Sousa and Bradley (2004) empirical research results presented, that individual's perception is a basis for psychic distance concept and recommended to define it on individual perspective.

Fernandes and Rocha (2005) argued, that not only individual's experience frames the perception of psychic distance, but also firm's international experience. Erikson, Majkgrad and Sharma (2000) agreed, that psychic distance concept should be defined on firm's perspective and identified, that people perceptions about psychic distance are influenced by the firm's culture, experience, and

history. O'Grady and Lane (1996) presented that psychic distance is a firm's uncertainty about foreign market, resulting from cultural and business differences.

Sousa and Lages (2009) defined the concept in terms of distance between home country and foreign country, resulting from individual's perceived differences on country characteristics and people characteristics. According to the scholars, country characteristics reflects differences on country development, competitiveness, etc. and people characteristics consider individuals differences in behavior, believes and their understanding about the world.

Analysis of international business literature presented that some scholars, such as Fletcher, Bohn, Lee, used psychic distance and culture distance concepts interchangeably; other scholars, for example Nordstrom and Vahlne, overlapped these concepts in their studies. Sousa and Bradley (2004) argued, that these concepts are different and highlighted the importance of distinction between the psychic distance and culture distance concepts, as the latter is not based on differences perceived by the individuals. The scholars concluded that greater cultural distance between home market and foreign market increases the obstacles in understanding and learning about the foreign markets.

Different interpretation by scholars of psychic distance concept and its perspectives are presented in Table 1.

Table 1. Scholars views of psychic distance concept and its perspectives

Author (year)	**Definition**	**Psychic distance perspectives**
Beckerman (1956)	The distance between home country and foreign country, resulting from differences in languages, cultivated relationship, etc.	National level
Johanson and Wiedersheim – Paul (1975)	The cross-border differences, that impact information flow between firm and market.	National level
Nordstrom and Vahlne (1994)	Refers to the factors, that afflicting understanding and learning about firm's foreign environment.	Individual level
Evans and Mavondo (2002)	Individual's perceived cultural and business distances between home country and foreign country.	Individual level
Sousa and Bradley (2006)	Individual's perceived differences between home market and foreign market.	Individual level
O'Grady and Lane (1996)	Firms level of uncertainty about foreign country market, resulting from business and cultural differences.	Firm level
Dow and Karunaratna (2006)	Macro-level indicators, including cultural, political systems, education level, language, industrial development, religion, time zones and colonial links differences between countries, that frame the context for individual perception about psychic distance.	Country level and individual level
Sousa and Lages (2009)	Distance between home country and foreign country, resulting from individual's perceived differences in terms of country characteristics and people characteristics.	Country level and individual level

In summary, the analysis of scientific literature presented that the definition of psychic distance concept depends on its operationalization level, resulting psychic distance concept explanation in

terms of national, individual, firm level or by employing few perspectives, thus explaining the complexity of psychic distance construct.

2.2. Defining psychic distance dimensions

Scientific literature introduced difficulties in finding consensus on psychic distance concept definition as well as identifying dimensions to measure this construct (Evans et al., 2000; Dow and Karunaratana, 2006; Child et al., 2009; Evans et al., 2008). Till nowadays, scholars have no agreement how psychic distance should be measured – using objective or subjective measurements and whether it should be measured on individual or country level (Hang and Goodley, 2009; Dow and Karunaratna, 2006; Brewer 2007; Ambos et al., 2018).

Analysis of international business literature presented that objective measurements were captured in terms of differences in level of economic development, education, culture, business practices, legal systems, etc. (Johanson and Wiedersheim-Paul, 1975; Klein and Roth, 1990; O'Grady and Lane, 1996). Other scholars introduced importance of subjective measurements – individuals perceived differences between home market and foreign market (Sousa and Bradley, 2006; Magnussson et al., 2014; Evans and Mavondo, 2002).

Some scholars evaluated psychic distance in terms of country-level dimensions, including differences in language, political system, country development level, etc. (Johanson and Wiedersheim – Paul, 1975; Brewer 2007). Other scholars argued that country-level dimensions fail to reflect individual's perceived differences about psychic distance and identified importance of measuring psychic distance on individual level in terms of managers' work experience, education, international experience, etc. (Sousa and Bradley, 2006; Ambos et al., 2018). Ambos et al. (2018) proposed psychic distance conceptual model that captures psychic distance perceptions on individual level and country level. Dow and Karunaratna (2006) explained that macro-level indicators frame individual perception about psychic distance and influence individual's decisions. The scholars also stated that subjective measures of psychic distance vary among different nations.

Other difficulties in defining psychic distance dimensions arise from controversy between scholars to use psychic distance and culture distance as different or equivalent concepts (Sousa and Lages, 2008). Shoham and Albaum (1995) examined psychic and culture distances using the same dimensions as they fail to differentiate these constructs. However, Sousa and Bradley (2008) analyzed these concepts distinctly and captured on the different levels of analysis. The scholars measured psychic distance in terms of individual, firm and country levels; meanwhile, the cultural distance was captured only on country level in terms of nation's cultural values. Other scholars also agreed that cultural distance is a dimension of psychic distance, thus requiring analyzes on the different levels (Norsdstrom and Vahlne, 1994).

In summary, analysis of scientific literature presented that psychic distance is a complex construct, that is captured on individual, firm and country level and measured in terms of subjective and objective measurements or by employing both.

2.3. The theoretical frameworks of psychic distance dimensions

The disagreement between scholars on psychic distance dimensions and its perspectives interfered development of commonly used method to measure psychic distance construct (Dow and Ferenčikova, 2009). International business literature presented various theoretical frameworks of psychic distance dimensions. Some scholars successfully applied CAGE framework in their studies to measure psychic distance impact on business (Child et al., 2009); to assess trade flow between different countries (Miloža, 2015); or to evaluate international interaction in terms of countries similarities and differences (Dow and Ferenčikova, 2009). Other scholars measured psychic distance by applying Brewer's psychic distance index, Child et al. (2009) developed instrument, Dow and Karunaratna (2006) psychic distance stimuli indicators, Kogut and Singh's (1988) index and other frameworks (Coldwell and Joosub, 2017; Puthusserry et al., 2013; Virvilaitė and Šeinauskienė, 2015; Fletcher and Bohn, 1998; Azar and Drogendijk, 2016). The most widely applied theoretical frameworks of psychic distance dimensions are detailed in the next sections.

2.3.1. CAGE framework

Ghemawat (2001) introduced a CAGE framework as a tool for business to evaluate distances between home country and foreign country. The scholar defined these distances in terms of differences on four dimensions, including cultural, administrative, geographic, and economic. Moreover, the academic created online instrument, called CAGE comparator, that compares countries in terms of CAGE framework. Ghemawat (2001) emphasized that companies entering international markets should craft their strategies in terms of identified cultural, administrative, geographic and economic differences between countries to proceed internationalization process successfully. Ghemawat (2001) also highlighted that CAGE framework can be exploited as a tool for understanding flows of trade, information, capital, etc. between countries as well as applied for internal firm's purposes. The scholar also presented that identified differences in terms of four dimensions between countries can help companies to identify possibilities and exploit them in reducing constraints in new markets. Sakarya, Eckman and Hyllegard (2007) highlighted that CAGE distance framework helps to understand the international trade and information flows as well as individual's behavior aspects.

According to Ghemawat (2001), CAGE framework can be applied on a country level or industry level. The scholar presented framework on the country level, by indicating bilateral and multilateral attributes for each dimension. Summary of CAGE framework distance dimensions on the country level is presented in Table 2.

Table 2. CAGE framework distance dimensions (Ghemawat, 2001)

	Cultural distance	**Administrative distance**	**Geographic distance**	**Economic distance**
Home country – foreign country (bilateral attributes)	Different religions, languages, values, norms, ethnicities, etc.	Different currency, law system, political hostility, colonial ties, etc.	Distance in kilometers, differences in environment, climate, and time zones, etc.	Differences between rich country-poor country, differences in quality and cost of human, natural, financial, and other resources, etc.
Home country (multilateral attributes)	Isolation and traditions	Weak institutional infrastructure, different memberships in international organizations, etc.	Differences in communication and transportation infrastructure, etc.	Income per capita, etc.

According to Miloža (2015), understanding cultural, administrative, geographic, and economic distances between different countries may help to promote company's performance in international arena, resulting importance of more detailed analysis among each dimension that are presented in the next sections.

Cultural distance. Cultural distance is the first dimension in CAGE framework and presented as the differences in languages, religions, values, norms, ethnicity, etc. According to Sousa and Bradley (2006), cultural distance reflects differences in cultural values between countries. Ghemawat (2001) highlighted that not only bilateral attributes, referring to differences in languages, values, norms, dispositions, etc., but also unilateral attributes, referring to countries' isolation and traditions, impact international trade. According to the scholar, nations with isolated or traditional cultures will be less opened for international trade flow than countries with less isolated cultures. Other scholars agreed that cultural distance should be observed on the country level (Sousa and Bradley, 2006). Evans and Mavondo (2002) defined that cultural distance is the basic dimension of the psychic distance. The framework founder concluded that the greater cultural differences between two countries, the lower business interactions between these countries.

Analysis of scientific literature presented that scholars employed various methods to measure cultural differences between countries, but most widely applied was Kogut and Sign (1988) cultural distance index which is captured in terms of Hofstede's (1980) cultural dimensions, that are detailed below:

Power distance index (PDI) defines the degree to which society accepts unequally distributed power. Cultures with a low power distance score present that its society do not accept unequally distributed power; cultures with a high power distance score reveal that power and authority are easier accepted (Hofstede, 1980; Beugelsdijk, Groot, Linders and Slangen, 2004). Hofstede (1980) studies identified that South America, Asia and Africa are scored as high-power distance countries, while North European countries evaluated as low power distance cultures.

Uncertainty avoidance (UAI) determines the level to which society can deal with uncertainty, ambiguity, and unstructured situations. Cultures with low uncertainty avoidance score indicates that society are ready to cope with uncertainty, ambiguity or unplanned situations, while countries with a high uncertainty avoidance score present that people from such country feel uncomfortable, disappointed and nervous while dealing with unknown situations (Hofstede, 1980; Beugelsdijk et al., 2004). Hofstede (1980) scored South American, South Korean, Japan and Mediterranean countries as a high uncertainty avoidance culture while African, Asian and South European countries as a low uncertainty avoidance culture.

Individualism opposite to collectivism (IDV) defines the extent to which people emphasize the importance of being as a part of the group or prefer to act as an individual. In the individualistic countries people do not emphasize of being a part of the group or team, they take care only about themselves, not society. However, in the collectivistic nation's society understand the importance of being a part of the team, group, community, or society (Hofstede, 1980; Newman and Nollen, 1996). Some studies identified positive relationship between country's individualism and wealth being (Hofstede, 1980).

Masculinity versus femininity (MAS) refers to the dominant values in society. Masculine society implies preferences on competitiveness, ambitions, assertiveness, concentration on money, etc. while

in feminist society people gives preferences on values such as cooperation, carrying of others, quality of life etc. (Hofstede, 1980; Beugelsdijk et al., 2004). Hofstede (1980) defined Germany, United States of America and Japan as masculine societies while Scandinavian countries and Netherlands as feminine societies.

Long-term opposite to short-term orientation (LTO) reflects society actions and challenges in terms of emphasizing it on the different time horizons. Nations with a long-term concentration, emphasize on the preparation for the future. The individuals from these cultures are more thrifty, realistic, modest and ready to compromise. Cultures related with short-term orientation highlight importance of the past; emphasize on values and rights as well as are less ready to compromise in comparisons with long-term orientation nations. China and Hong Kong can be defined as long-term orientation nations, since these cultures focus on persistence, thrifty, etc. In contrast, Morocco and Philippines can be defined as a short-term oriented culture, since it focusses on the past as well as highlight importance of values and traditions.

Indulgence opposite to restraint (IND) dimension refers to the acceptance of the level of freedom in society behavior. Indulgent cultures accept free satisfaction of human needs in having fun. In contrast, restraint cultures create norms and regulations in terms of freedom in enjoying life. Russia and Bulgaria can be defined as restraint nations, while Denmark and Finland are described as indulgence cultures.

Scientific literature presented that Hofstede (1980) measures and Kogut and Sign (1988) index were widely used to measure cultural distance relationship with firm's internationalization process (Erikson et al, 2000; Fletcher and Bohn, 1998), impact on export performance (Azar and Drogendijk, 2015) and to evaluate cultural distance relationship with foreign direct investment (Sethi, Guisinger, Phelan and Berg, 2003).

Administrative distance. Administrative distance involves differences in political and legal aspects, that impact business between partners from different countries. Ghemawat (2001) explained administrative distance in terms of differences in currency, law system, membership in the trade blocs or international organizations, colonial ties etc. Other scholars explained administrative distance in terms of the legal and political aspects that influence international trade between partners (Moser, Nestmann and Wedow, 2008). Ghemawat (2001) studies presented that countries having colonial ties, common currency and memberships to the same organizations, generate higher level of trade flows. The scholar also identified that administrative distance increases when target country institutional infrastructure is weak. Poynter (2012) also agreed that ineffective government policies and actions influence business between partners negatively. Weitzel and Berns (2006) studies presented that corruption raises administrative distance between nations.

Various administrative distance measurements are introduced in the scientific literature, however, Political Constraint Index (POLCON), Worldwide Governance Indicator (WGI) and Corruption Perception Index (CPI) were widely applied by researchers in their studies (Beugelsdijk et al., 2004; Miloža, 2015). Mostly applied measurements of administrative distance are presented below:

Political Constraint Index (POLCON). POLCON captures changes in policy in terms of political and institutional constraints (Garrido, Gomez, Maicas and Orcos, 2013). Analysis of international business literature presented that POLCON were mostly applied to evaluate political stability (Guler

and Guillén 2009; Garrido et al., 2013), or to measure political risk (Tang, 2012). Some studies concluded that political stable countries enter to foreign markets easier (Guler and Guillén, 2009).

Corruption Perception Index (CPI). CPI measure perceived corruption level of public sector (Garrido et al., 2013). Miloža (2015) applied CPI to assess administrative distance between Croatia and EU candidate countries and concluded that international trade proceeds between countries that are similar in terms of corruption level. Other scholars used this index to measure relationship between corruption level, access to technology and information, thus identifying negative relationship between these elements (DiRienzo, Das, Cort and Burbridge, 2007).

Worldwide Governance Indicator (WGI). WGI evaluates governance of the nation in terms of different dimensions (Beugelsdijk et al., 2004). Many studies defined this indicator in terms of six dimensions: 1) government effectiveness, that evaluates perception of public service quality, civil sector service quality, etc.; 2) voice and accountability, that defines freedom rights of the citizens and participation in government election; 3) rule of law, that determines protection level of property rights, probability of crimes, etc.; 4) corruption control, that evaluates corruption control policies between public and private interests; 5) political stability, that defines particular country political stability level; 6) quality of regulatory, that determines the level of government promotion for private sector in terms of policies and regulations (Garrido et al., 2013). Analysis of international business literature presented that WGI indicator was widely used by scholars to evaluate the extent to which institutional governance impacts various aspects of international trade (Globerman and Shapiro, 2003).

Geographic distance. Geographic distance dimension includes physical distance in kilometers, differences in time zones, climate, environment, having common border etc. In terms of multilateral attributes, the framework presents the following geographic distance dimensions: geographical location, geographic size, transportation and communication infrastructure, etc. Ghemawat (2001) studies presented that the grater physical distance between countries, the higher communication and transportation costs. Other scholars also agreed that in terms of higher geographic distance between countries, the greater information and communication barriers appear (Ojala and Tyrvainen, 2007). Miloža (2015) identified that geographic distance is a very important dimension for companies which start internationalization process. Other scholars concluded that geographic distance between countries increases together with the perceived differences between home country and foreign country (Ambos et al., 2018).

Analysis of international business literature presented that scholars measured geographic distance by calculating distance in kilometers between capitals or by obtaining this data through CAGE comparator instrument (Miloža, 2015; Ambos et al., 2018).

Economic distance. Economic distance is explained in terms of differences in GDP per capita, quality and costs of human, financial, natural, infrastructure resources, access to information, purchasing power, etc. Ghemawat (2001) concluded that the higher income per capital, the greater investments and trade flows. The scholar also introduced that for rich country is more difficult to interact with poor country because of the differences in incomes per capita, costs and quality of resources. Cassey, Holland and Razack (2011) defined economic dimension in terms of differences in wealth allocation, income and purchasing power. Miloža (2015) highlighted that economic

differences between countries interfere trade flow between them. Thai-Ha Le (2017) also agreed that the lower economic distance between countries, the higher business flow is generated between them.

Scientific literature presented various indicators to measure economic distance between countries. Ghemawat (2001) proposed to measure economic distance in terms of government control on currency fluctuations, economic activities, etc. Other scholars employed GDP per capita to measure economic differences between countries, by employing data from World Bank database (Ambos et al., 2018; Miloža, 2015).

Other distances. Analysis of international business literature presented that some scholars identified importance of the institutional distance between countries (Xu and Shenkar, 2002). In Beugelsdijk et al. (2004) defined institutional distance in terms of the differences in governance between countries. Xu and Shenkar (2002) presented institutional distance as similarities or differences between countries in terms of normative, cognitive and regulatory distances. According to Phillips, Tracey and Karra (2009), normative distance can be explained as values, believes and norms, that defines society behavioural. The scholars captured cognitive institution in terms of generally accepted social practices and knowledges. However, the normative element explained in terms of laws, rules and regulations, referring to society behaviour in a nation. Some scholars explained institutional distance in terms of informal institutional context, referring to cultural differences between countries, and formal institutional context in terms of difficulties appearing from poor institutions management (Schwens, Eiche and Kabst, 2011).

Evaluation of international business literature presented that scholars analysed institutional distance in terms of its impact on international trade (Sjoerd et al., 2004), export performance (Mlinarič and Trąpczyński, 2019), entry mode choice (Dikova, 2012; Schwens et al., 2011) and other various aspects. Xu and Shenkar (2002) concluded that companies avoid investing in foreign markets that are far in terms of institutional distance. Other scholars identified that the greater regulative differences between home country and foreign country, the more barriers appear in performing business activities in host market (Chao, Kim, Zhao and Hsu, 2012). Hsiao-Wen Ho, Ghauri and Larimo (2017) also agreed that institutional distance can be an obstacle for successful export activities. The scholars also highlighted the importance of institutional factors analysis and evaluation, thus promoting identification of constraints and recognition of opportunities.

Garrido et al. (2013) conducted comprehensive analysis on the measurements of institutional distance in various studies and concluded that formal institutions were measured by the index of economic freedom (EFI), political constraints index (POLCON), corruption perceptions index (CPI) and worldwide governance indicators (WGI), while informal institution were evaluated by Hofstede dimensions and by employing GLOBE project.

To sum up, for overcoming the complexities and uncertainty in foreign markets it is important to analyse the differences between home market and foreign market. Moreover, CAGE instrument is a great tool, thus helping to evaluate differences between markets in terms of cultural, administrative, geographic and economic dimensions, resulting reduced level of the complexities and identification as well as exploitation of new opportunities.

2.3.2. Dow and Karunaratna multidimensional psychic distance measuring instrument

Dow and Karunaratna (2006) conducted a comprehensive literature analysis related to psychic distance measurements and identified that many scholars measured psychic distance in terms of sole metric, mostly by applying Kogut and Singh's (1998) index, that was captured in terms of Hofstede (1980) dimensions. The scholars also identified that in some studies psychic distance was assessed in terms of presenting the self-analyzed estimates and only several scholars measured by employing dummy variables. In order to reduce complexity and methodological limitations in psychic distance measurement field, the scholars examined a wide range of indicators, detailed in scientific literature and thereafter, developed an instrument for measuring psychic distance stimuli, that was empirically validated in terms of trade flow among 38 countries. The scholars explained psychic distance stimuli in terms of macro-level indicators, including political, religion, cultural, education, language, industrial development and time zone differences as well as previous colonial links between different countries. Moreover, Dow and Karunaratna (2006) highlighted that these indicators frame the context for individual's perception about psychic distance and strongly influence their decisions on the market selection, thus impacting the results of export activities. Ambos et al. (2019) studies also confirmed that psychic distance stimuli may be captured in terms of macro-level indicators, that impact individual's perception about psychic distance.

Dow and Karunaratna (2006) multidimensional psychic distance measurement instrument, which captured psychic distance stimuli in terms of various dimensions are detailed bellow:

Differences in culture. As previously detailed, cultural distance can be defined in terms of differences in values, norms, etc. between countries. Dow and Karunaratna (2006) studies identified that culture dimension is an important part of psychic distance stimuli, that was widely analyzed in scientific literature by various scholars. The academics highlighted that cultural differences between individuals may disturb information flow, thus resulting an increase of transaction costs. Häkanson and Ambos (2010) studies confirmed that cultural differences create barriers for gaining information between partners from different countries. Dow and Karunaratna (2006) captured cultural differences by applying Kogut and Sign (1988) cultural distance index, which was captured in terms of Hofstede's (1980) five cultural dimensions (PDI, IDV, UAI, MAS and LTO). Moreover, differently from other scholars, they also assessed these dimensions independently. Finally, Dow and Karunaratna (2006) concluded that differences in cultures between nations are not statistically significant related with the level of trade flow between countries. These findings presented importance of applying few different scales for measuring psychic distance construct. Moreover, the scholars revealed that applying sole scale of cultural difference for measuring psychic distance, fails to identify the significant association between cultural differences and trade flow.

Differences in language. As presented in previous sections, Johanson and Wiedersheim – Paul (1975) identified, that differences in languages disturb information flow between partners from different countries. However, Ambos et al. (2019) studies presented that individual's perceived distance between home market and foreign market decreases under the circumstances of individual's ability to speak foreign market language as the first language. Dow and Karunaratna (2006) identified that differences in languages were rarely employed for empirical investigations due to the lack of commonly agreed scales. The academics proposed to capture differences in languages in terms of new developed indicators that are presented in Table 3.

Table 3. Dow and Karunaratna developed indicators to measure differences in languages

Indicator	Indicator name	Indicator explanation	Measurements
L_1	Differences between two dominant languages of two countries.	Major language is defined as official language used in a country or spoken no less than 20% of all population. Major languages are classified to branches in terms of hierarchy of language families.	Five-point scale applied for identifying distance between the two major similar languages from different countries: 1. The same language 2. The same at the first level sub-branches, but different on the second level sub-branches 3.The same branch, but different on the first level sub-branches 4. Same language family 5. Different language family
L_2 and L_3	Spread of one country's dominant language in the other countries	Measure how much of population in one country can speak other country's major language.	The indicators are captured as follow: 1. More than 90% or equal to 90% 2. More than 50% or equal to 50%, but lower than 90% 3. More than 5% or equal to 5%, but lower than 50% 4. More than 1% or equal to 1%, but lower than 5% 5. Lower than 1%

Dow and Karunaratna (2006) applied above presented indicators to measure differences in languages between countries and concluded that differences in languages effect trade flow between partners from different countries. However, the scholars highlighted the importance of more empirical tests to provide its relative impact on the trade flow.

Differences in education level. Fletcher and Bohn (1998) defined that education impacts individual's perception about psychic distance. Ambos et al. (2019) suggested that formal education helps for managers to cope with uncertainty and complexity in foreign markets, thus resulting a decrease of managers perceived distances to foreign countries. Dow and Karunaratna (2006) captured psychic distance in terms of differences in education on macro level, at the same time, proposed that these differences increase the risk of interpreting information incorrectly as well as make the barriers for communication, thus resulting negative impact on the trade flow between countries. The scholars employed three measures: differences in literacy level between countries, rate of population (above 15 years old) enrolled in education and rate of population (under 15 years old) enrolled in education for capturing differences in education between countries. Dow and Karunaratna (2006) concluded that these differences negatively impact trade flow between countries.

Differences in religion. Dow and Karunaratna (2006) identified that religion impacts individual's communication and behavior, resulting necessity of capturing psychic distance in terms of differences in religion dimension. The scholars also underlined that differences in religion raise the transaction costs, thus resulting impact on the trade flow between partners. The scholars revealed that most studies captured differences in religion dimension as a part of cultural differences, as no existing measuring scales for this dimension were presented. However, Dow and Karunaratna (2006) argued, that differences in the religions require discrete evaluation, for identifying its effect on the trade flow between partners from different countries, thus proposing a measurement scale for this dimension which are presented in Table 4.

Table 4. Dow and Karunaratna developed indicators to measure differences in religions

Indicator	Indicator name	Indicator explanation	Measurements
R_1	Differences between dominant religions	Dominant religion is determined as a religion to which belongs no less than 20% of all population	Five-point scale applied for identifying distance between the two closest dominant religions from different countries: 1. The same sect or dominion 2. The same division, but different sect or dominion 3. Different division, but the same religion 4. The same religion family, but not the same religion 5. Different religion family
R_2 and R_3	Spread of one country's dominant religion in the other country	Measure how much of population in one country depends to the same religion in the other country	The indicators are captured as follow: 1. More than 90% or equal to 90% 2. More than 50% or equal to 50%, but lower than 90% 3. More than 5% or equal to 5%, but lower than 50% 4. More than 1% or equal to 1%, but lower than 5% 5. Lower than 1%

Dow and Karunaratna (2006) employed above presented indicators to measure differences in religions between countries and concluded that differences in religions effect trade flow negatively between different countries.

Differences in time zones. Dow and Karunaratna (2006) highlighted that indicator of the differences in time zones between different countries was not widely applied by scholars to capture psychic distance construct. The scholars proposed to evaluate this dimension, since it creates complexity for solving urgent problems, thus resulting negative impact on the trade intensity between partners from different countries. However, the effect of impact was identified only in one study, resulting importance of more empirical investigations in this field.

Colonial links. In numerous earlier international trade studies colonial ties were employed as dummy variable to capture psychic distance (Linnemann, 1996; Johanson and Wiedersheim-Paul, 1975). The scholars identified that colonial links reduce psychic distance between countries which are geographically distant. Differently from these scholars, Dow and Karunaratna (2006) captured previous colonial links as a separate dimension from other six, described in this part and concluded that previous colonial links between countries positively effect trade flow between partners from different countries.

Differences in the level of industry development. Vahlne and Wiedersheim-Paul (1977) captured psychic distance in terms of differences in industry development together with other dimensions, including differences in language, culture, political system, etc. and concluded that these items impact information flow between partners from different countries. At the same time, Dow and Karunaratna (2006) highlighted importance of measuring differences in the level of industry development in terms of distinct dimension of the psychic distance stimuli. The scholars also identified that differences in the level of industrial development between different countries negatively impact trade flow intensity between countries.

Political system difference. Some scholars explained this dimension in terms of administrative distance and concluded that differences in political aspects impact international trade between

partners from different countries (Moser et al., 2008). Other scholars revealed political system differences in terms of two aspects, including business between companies and government and government communication to business (Dow and Karunaratna, 2006). The scholars proposed that political system differences induce complexity and ambiguity, thus resulting increased communication costs between different countries. Dow and Karunaratna (2006) measured differences in political system, by employing already introduced dimensions in scientific literature: differences in the level of democracy between different countries and policy preferences of the main decision makers in different nations. However, studies presented fewer emphatic results on the negative association between political system differences and trade flow between different countries.

International business literature analysis presented that Dow and Karunaratna (2006) multidimensional psychic distance measuring instrument was empirically validated in other studies: to measure psychic distance impact on the internationalization behavior of SMEs (Ojala and Tyrväinen, 2009); and to evaluate psychic distance in the context of Slovakian foreign direct investments (Dow and Ferenčíkova, 2009).

2.3.3. Brewer's psychic distance measuring instrument

Brewer (2007) identified difficulties of psychic distance construct operationalization, conducted a comprehensive study of the relationship between psychic distance and fifteen different variables, that were collected from literature and introduced Psychic Distance Index as an instrument to measure psychic distance construct. The scholar used this index to evaluate frequency of export flows between Australia and other twenty-five countries. Finally, Brewer (2007) concluded that countries which are near in terms of psychic distance, have the highest number of Australian exporters in their countries. The scholar presented that high score of psychic distance index indicates that these countries are far in psychic distance from Australia and not many Australian exporters are trading with these countries. In contrary, low score of psychic distance index indicates that countries are near in psychic distance and many Australian companies export to these countries. Brewer (2007) applied only publicly available information to construct psychic distance index (Puthusserry et al., 2013). The scholar captured psychic distance index in terms of the indicators, that are detailed in Table 5.

Table 5. Indicators of psychic distance index

Indicator	**Description of indicator**
Political ties	Close political ties promote the relationship between different countries and reduce interferences of information flow between these countries
Commercial ties	Existing commercial ties between countries provide more knowledges about the country and business operations
Information availability	Information availability reflects how much information is known about different country
Historical ties	Countries that have strong historical ties tend to have easier information flow between them
Social ties	Similarities or differences in society impact information flow between different countries
Level of development	Developed countries have more open business environment with less or no corruption.

For understanding Brewer's psychic distance measurement instrument, it is necessary to analyze all indicators of psychic distance index in detail. The analysis of the indicators is presented in the next sections.

Political ties. Political ties are one of the indicators introduced in Brewer's psychic distance measuring instrument. Brewer (2007) introduced that strong political ties between countries impact information flow positively. Wiedersheim-Paul and Welch (1975) defined political ties in terms of trade agreements and programs, diplomatic relations, etc. Sheng, Zhou and Juan Li (2011) studies presented that political ties contribute to the business performance under low technological change and government support conditions. International business literature revealed different ways of measuring political ties, referring to the number of consulates and embassies in home country as well as in foreign country and number of bilateral agreements between countries. Other studies measured political ties in terms of the government support for business (Sheng et al., 2011).

Commercial ties. Sheng et al. (2011) identified that commercial ties represent the firm's business relationship with suppliers, customers, competitors and other partners. The scholars identified the importance of close commercial ties between partners, resulting easier access to market, product, and other commercial information as well as easier technology acquisition. Cohen and Levinthal (1990) highlighted that strong commercial ties promoting better utilization of existing knowledge and capacity. The scholars also defined that strong commercial relationship between partners from different countries reduce psychic distance between them, resulting easier information flow and better economic returns (Brewer, 2007; Sheng et al., 2011). Evaluation of the scientific literature presented that commercial ties were mostly captured in terms of the level of commercial relationship between firm and various collaborators (Sheng et al., 2011). Some studies captured commercial ties through the extent of international trade or foreign direct investment between countries (Coldwell and Joosub, 2007).

Information availability. Brewer (2007) introduced this indicator in terms of the extent of available information about other country. Many scholars highlighted importance of the access to information, since it promotes the accomplishments of firms' objectives, fosters business activities in foreign markets and increase effectiveness of export processes (Mandrinos and Nik Mahdi, 2014). Some scholars identified that lack of information about foreign market impacts firms' decisions to start export activities in psychically close countries (Johanson and Vahnle; 1977; Johanson and Wiedersheim, 1975). Various scientific studies presented that information ties can be captured in terms of secondary information availability. International business literature identified that primary information is acquired by company's gained experience and secondary information can be captured through analyzing primary information. The greater extent of the secondary information is available about other country, the lower psychic distance exists between countries.

Historical ties. Brewer (2007) defined historical ties in terms of colonial relationships between countries, participation in the same wars, etc. and highlighted that countries possessing historical ties tend to be nearer in terms of psychic distance. Ghemawat (2001) also agreed that countries sharing colonial ties tends to have a higher level of trade flow between them. Scholars captured historical ties in terms of colonial relationship between countries and type of the relationship between countries while participating in common wars.

Social ties. Brewer (2007) explained social ties in terms of cultural, linguistic and other similarities or differences that influence the trade flow between countries. Carlson (1974) studies identified that cultural differences between nations inherent information flow between them. Other scholars highlighted that similarities in languages between countries foster communication, thus resulting

higher level of trade flow between countries (Hutzschenreuter, Voll and Verbeke, 2011). Miloža (2015) concluded that linguistic and culture differences between countries impact communication process between partners negatively as well as increase information acquisition costs. Literature review presented that scholars evaluated social ties in terms of cultural similarities or differences, capturing by Hofstede dimensions (1980) or by analyzing linguistic differences or similarities between countries.

Level of development. Many studies concluded that developed countries tend to have more available information, lower level of corruption, more favorable business environment (Ghemawat, 2001; Brewer, 2007; Coldwell and Joosub, 2017). Sousa and Lages (2008) identified that differences in development, infrastructure and legislation between countries are the basic psychic distance elements, that influence trade flow between countries. Moreover, scientific literature presented that country's development level were mostly captured through economic measures, Human Development Index (HDI) or by evaluating country's corruption level in terms of Corruption Perception Index (CPI).

To summarize, Brewer's index is one of the tools to capture psychic distance between countries in terms of different indicators, moreover, most widely applied by scholars in their studies. Some scholars argued that Brewer psychic distance measurement instrument fail to comprehensively assess psychic distance, since this instrument fails to evaluate individual's perception (Puthusserry et al., 2013).

2.3.4. Other theoretical frameworks of psychic distance dimensions

Analysis of international business literature presented that scholars also applied other theoretical frameworks to measure psychic distance dimensions or combined few tools to assess the complexity of the construct. For example, Puthusserry et al. (2013), applied four instruments to measure psychic distance: CAGE framework, that measures psychic distance in terms of cultural, geographic, economic and administrative dimensions; Child et al. (2009) developed instrument, that asses psychic distance between countries in terms of twelve dimensions of differences in economic development, legal system, culture and etc.; Brewer's psychic distance index, that examines psychic distance in terms of seven elements, including political, commercial ties, social and other ties; Dow and Karunaratna (2006) comprehensive tool, that evaluates psychic distance between countries in terms of psychic distance stimuli, including differences in religion, languages, education level, industry development level and political system. Dow and Ferenčíkova (2009) applied two instruments to measure psychic distance, including Kogut and Singh (1988) index, which was captured through Hofstede (1980; 2001) dimensions and Dow and Karunaratna (2006) instrument, in term of different dimensions, including differences in religion, languages, educations, degree of democracy and industrial development.

In summary, analysis of scientific literature presented various theoretical frameworks of psychic distance dimensions applied by scholars in their research. However, no consensus on commonly agreed theoretical framework of psychic distance dimensions was identified due to the complexity of psychic distance construct.

2.4. Export performance

Increasing globalization forces many firms to search for opportunities how to expand business activities internationally to ensure survival in very competitive business environment (Sousa and Bradley, 2004). Many scholars agreed that exporting is the easiest and quickest way for small and medium firms to enter international markets (Katsikeas et al., 2000). Other studies concluded that exporting operations also help for firms to survive and expand in the competitive business environment as well as contributes to countries economic development (Katsikeas et al., 2000; Chen, Sousa and Xinming He, 2016). Export performance is one of the most important indicators that reflects success of firms export activities (Beleska-Spasova, 2014). It resulted that over the last decade a high attention was paid to the export performance and numerous studies were conducted on factors which influence the results of export performance and measurement scale of export performance (Katsikeas et al., 2000; Carneiro et al., 2011).

2.4.1. Export performance concept

Export performance concept was widely analyzed by scholars in international business and marketing literature (Katsikeas et al., 2000; Cavusgil and Zou, 1994; Shoham, 1998). Meanwhile, no widely accepted definition between academics were identified (Lages and Lages, 2004). Although, evaluation of various studies presented that many scholars agreed that export performance is a central complex construct, which reflects firm's ability to operate export activities successfully in foreign markets (Shoham, 1998; Beleska-Spasova, 2004; Carneiro, Farias, Rocha and Silva, 2015). Some scholars captured export performance concept in terms of subjective (non-financial) perspectives (Brouthers, Nakos, Hadijimarcou and Brouthers, 2009), others defined in terms of objective (financial) aspects (Gajewski and Tchorek, 2017). Different interpretation by academics of export performance concept are presented in Table 6.

Table 6. Scholars views of export performance concept

Author (year)	**Export performance definition**
Cavusgil and Zou (1994)	Firm's capability to achieve its objectives by performing activities in export markets
Shoham (1998)	Represents results achieved from firm's international business operations
Gertner et al. (2007)	Outcome of company's export operations.
Beleska-Spasova (2014)	Firms ability to leverage its capabilities and resources while performing business activities internationally
Brouthers et al. (2009)	Reflects the degree of firm's perception about achieved results
Gajewski and Tchorek (2017)	Represents firm's ability to perform business activities in competitive international environment
Stoian et al. (2009)	Firm's ability to employ and manage its resources, competences, and capabilities effectively in international arena

Analysis of different scholars' views of the export performance concept presented that this construct reflects firm's ability to perform business activities internationally by leveraging its resources, capabilities and competences.

Moreover, international business literature identified that export performance success depends on various firm-specific/internal and environment-specific/external factors (Beleska-Spasova, 2014; Sousa, Martinez-Lopez and Coelho, 2008). The agreement between different authors were identified on subclassifying firm-specific factors to: firm characteristics; management characteristics; export marketing strategy and external factors to: export market characteristics; domestic market characteristics (Chetty and Hamilton, 1993; Katsikeas, et al., 2000; Lages and Montgomery, 2005). At the same time, the literature is very diverse in presenting the results of the impact of internal and external factors on the results of export performance. Although, there is an evidence in some studies that internal factors make a more significant impact on export performance. According to Kotorri and Krasniqi (2018), export performance is mainly influenced by internal factors, such as firms' characteristics, management characteristics and export marketing strategy. Some studies identified that company's exporting experience effects export performance positively (Stoian et al., 2010). Other scholars highlighted the importance of firm size, resulting that larger companies are more likely to perform export activities (Stoian et al., 2010). Rua, Franca and Ortiz (2018) concluded that larger firms have more capabilities and resources that helps to overcome exporting challenges, resulting better outcomes of export activities. Other scholars argued that firm's size fails to impact outcomes of export performance (Chetty and Hamilton, 1993). Sousa, Martinez-Lopez and Coelho (2008) highlighted the importance of understanding the impact of export market characteristics and domestic market characteristics on export performance. Chetty and Hamilton (1993) concluded that successful export performance is the result of firm's ability to respond appropriately to the external factors. Cavusgil (1994) studies presented that external aspects such as psychic distance, cultural differences and various trade barrier have a negative impact on export performance.

To sum up, examination of studies on various areas of export performance presented that export performance is the outcome of firm's sales activities in international markets, which success or failure depends on various internal and external aspects.

2.4.2. Measures of export performance

Analysis of scientific literature presented, that for ensuring improvement in exporting practice, it is important to measure the outcomes of export performance (Carneiro et al., 2015). In international business literature various measures of export performance have been presented (Beleska-Spasova, 2014; Chen et al., 2016; Gertner, et al., 2007). However, no consensus between scholars on uniform measure of export performance were identified (Katsikeas et al., 2000; Carneiro et al., 2011), resulting difficulties in the operationalization of export performance construct (Sousa et al., 2004). Although, most scholars agreed that export performance is a complex construct and requires more than one indicator to capture various aspects of the construct's complexity (Gertner et al., 2007; Carneiro et al., 2011).

Beleska-Spasova (2014) conducted a comprehensive literature review on the export performance assessment and concluded that most scientific studies present a classification of export performance measurements in terms of two groups: economic (financial measures) and non-economic (non-financial) measures. At the same time, Katsikeas et al. (2000) captured export performance in terms of three dimensions, referring to export efficiency, export effectiveness and export adaptiveness. Table 7 presents classification of export performance measures widely applied in various scientific studies.

Table 7. Measures of export performance

Author (year)	**Measures of export performance**
	Financial (economic) measures:
Gertner et al. (2007), Shoham (1998); Chen et al., (2015); Evangelista and Mac (2016); Jalali (2012); Virvilaitė and Šeinauskienė (2015); Freeman, Styles and Lawley (2012)	Export sales
Gertner et al. (2007); Chen et al., (2015); Virvilaitė and Šeinauskienė (2015)	Export sales growth
Gertner et al. (2007), Shoham (1998); Sousa (2014); Katsikeas et al. (2000); Stoian et al. (2010); Kotori and Krasniqi (2018); Virvilaitė and Šeinauskienė (2015)	Export intensity
Cavusgil and Zou (1994); Chen et al. (2015); Evangelista and Mac (2016); Jalali (2012); Freeman et al. (2012)	Export profitability
Virvilaitė and Šeinauskienė (2015)	Export market share
	Non-financial (non-economic) measures:
Stoian et al. (2011); Azar and Drogendijk (2014); Evangelista and Mac (2016); Freeman and Styles (2014)	Satisfaction with export performance
Gertner et al. (2007); Freeman et al. (2012)	Satisfaction with export experience
Azar and Drogendijk (2016); Gertner et al. (2007); Cavusgil and Zou (1994)	Achievement of strategic goals
	Export dimensions:
Katsikeas et al. (2000)	Export efficiency
Katsikeas et al. (2000)	Export adaptiveness
Katsikeas et al. (2000)	Export effectiveness

As presented in Table 7, most widely applied were financial (economic) measures which have been categorized to five dimensions, including export sales, export intensity, export sales growth, export market share and export profitability (Chen et al., 2015). According to Shoham (1998), export sales indicator can be captured in terms of three subdimensions: market share, sales revenue and export sales to total firm's sales. In most studies export intensity is expressed as the ratio of export sales to total sales (Sousa, 2004; Stoian et al., 2011). Shoham (1998) studies identified that export profitability can be assessed in terms of return on asset, return on investment and export profit ratio. The scholar also highlighted that export market share reflects sales revenue and growth in comparison to competitors.

International business literature analysis presented that in some studies scholars applied financial (economic) measures interchangeably with objective measures and non-financial (non-economic) measures with subjective measures (Sousa, 2004, Freeman et al., 2012). For examples, Sousa (2004) comprehensive studies identified subjective measures of export performance, that were defined in terms of export market share, export intensity and export sales and objective measures of export performance, that were categorized in terms of satisfaction with export performance and perceived export success. Other scholars explained subjective and objective components in terms of perspectives (Stoian et al., 2010), or assessment mode of export performance (Katsikeas et al., 2000; Shoham; 1998).

Sousa (2014) conducted a comprehensive study on export performance measures and identified that objective measures have been widely used between scholars, since these measures capture absolute values. Other scholars highlighted importance of the subjective export performance measures by proving that managers are not motivated to provide objective financial data of export performance and this data is not fully available in public sources (Lages and Lages, 2004). Sousa (2004) also identified, that assessment of export performance in terms of subjective indicators, motivate managers

to provide confidential financial data related to export performance. Moreover, studies that applied subjective export performance measures evaluated this construct in terms of three indicators, including satisfaction with export performance, satisfaction with export experience and achievement of strategic goals. Some studies applied objective as well as subjective measures to assess export performance construct more accurately (Shoham, 1998; Jalali, 2012; Katsikeas et al., 2000; Freeman et al., 2012).

Katsikeas et al. (2000) highlighted that complexity of export performance construct requires exploration through different dimensions of export performance. The scholars captured the construct in terms of three dimensions: 1) export efficiency, that reflects comparison of incomes from export activities to its outcomes of export performance; 2) export adaptiveness, that determines firm's ability to react to the changes in the external environment; 3) export effectiveness, that concerns firm's ability to accomplish its objectives and goals. Chen et al. (2015) studies also confirmed that export performance construct prescribes evaluation through different aspects.

In summary, analysis of scientific literature presented that export performance is a complex construct, mostly measured by multiple indicators through different dimensions in order to capture its complexity.

2.5. The link between psychic distance and export performance

Many scholars (O'Grady and Lane, 1996; Virvilaitė and Šeinauskienė, 2015; Azar and Drogendijk; 2014; Evans et al., 2000; Evans, et al., 2008; Child, et al., 2008; Magnusson et al., 2014) analyzed psychic distance impact on export performance and widely concluded, that psychic distance is a key element which impacts firm's results of export performance. The academics also agreed that firm's internal factors impact the results of the relationship between psychic distance and export performance. Therefore, the conflicting results of the psychic distance effect on export performance were identified in the literature. Some studies identified that psychic distance impacts export performance negatively. Håkanson and Ambos (2010) explained negative relationship between psychic distance and export performance, by presenting that differences between countries inherent information accessibility, resulting increased uncertainty about foreign market and poor export performance. Hosseini (2006) studies presented, that firms is likely to perform business activities in psychically close markets as lower economic, geographic, political and cultural differences reduce uncertainty and complexity level, resulting better outcomes of export performance. Some studies identified positive relationship between psychic distance and export performance, that is detailed in the next section.

2.5.1. Psychic distance paradox

O' Grady and Lane (1996) studies identified a positive relationship between psychic distance and export performance and defined this relation as a "psychic distance paradox". The scholars concluded that business operations in psychically close markets fail to reach superior firm's performance, in contrast, performing business activities in psychically distant markets generate better results of the company's export performance. The scholars explained psychic distance paradox, by emphasizing that managers understand psychically distant markets in terms of high level of uncertainty, that motivate to perform a comprehensive distant market analysis in order to reduce this uncertainty,

resulting better export performance results. In contrary, psychically close foreign markets are perceived like home markets, resulting low preparation for business activities and consequently, poor export performance results.

Magnusson et al. (2014) empirical studies also confirmed the existence of psychic distance paradox. Moreover, the scholars explained a positive relationship between psychic distance and export performance in terms of managerial implications. The scholars emphasized that operations in psychically distant markets, that consist of high level of uncertainty and complexity in terms of cultural, economic, geographic and other differences, stimulate managers to invest more effort in searching and planning activities in foreign market, thus resulting improved export performance.

Evans et al. (2008) examined the relationship between psychic distance and export performance in terms of entry and retail strategies as well as firm's level factors (international experience and centralized decision making) and concluded that international experience is a key factor affecting a positive association between psychic distance and export performance. The scholars emphasized the importance of accumulating international experience, that allows to perform business activities successfully in distant foreign markets. The scholars also presented that operations of export activities in psychically similarly markets do not lead to superior performance, as this environment compromising with a high level of competition and other difficulties; in contrast, accumulated international experience allows to perform business activities successfully in distant markets.

Coldwell and Joosub (2018) defined psychic distance and psychic distance paradox as equal concepts. The scholars examined psychic distance impact on firm's internationalization process in terms of embarking FDI in foreign market and identified that psychic distance affects internationalization process positively as well as negatively. According to the scholars, inconsistent results of relationship between psychic distance and export performance denies the existence of psychic distance paradox.

In summary, international business literature presented conflicting evidence of the link between psychic distance and export performance. As detailed above some studies identified negative relationship, meanwhile, others determined a positive relationship between psychic distance and export performance. Nevertheless, most scholars agreed that the effect and results of the relationship between psychic distance and export performance are impacted by various factors.

2.5.2. Factors affecting the link between psychic distance and export performance

International business literature presented the agreement between scholars, that psychic distance as a single element fails to explain its impact on export performance (Assadinia et al., 2019; Evans et al., 2000; Stoian et al., 2011; Evans et al., 2008). According to the scholars, this relationship requires explanation in terms of factors, that affect the results of the relationship between psychic distance and export performance. Scientific literature presented that scholars examined the relationship in terms of organizational characteristics (Virvilaitė and Šeinauskienė, 2013; Stöttinger and Schlegelmilch, 1998; Assadinia et al., 2019); managerial characteristics (Mandrinos and Nik Mahdi, 2014; Fletcher and Bohn, 2007); combining organizational factors and retail and entry strategies (Evans et al., 2008); applying both organizational characteristics and managerial characteristics (Stoian et al., 2011; Evans et al., 2000). Scientific literature analysis identified that scholars defined organizational characteristics as the key factors affecting the link between psychic distance and export performance. Moreover, firm's size and resources as well as firm's international experience were presented as the

key characteristics which impact the relationship between psychic distance and export performance, thus resulting necessity of more detailed explanation of these characteristics.

Firm's size and resources. Some scholars defined firm's size in terms of the amount of resources, that allow for organization to gain better position in competitive markets (Katsikeas et al., 2000). Behmiri, Rebelo, Gouveia and António (2018) explained firm's size in terms of the elements which frame firm's abilities to internationalize their activities. Kotorri and Krasniqi (2018) defined firm size in terms of productivity. Moreover, the scholars explained that large firms own more productive, human and financial resources, that allow to cope with the challenges and uncertainty in external environment, resulting better firm's performance. Virvilaitė and Šeinauskiene (2013) studies presented that small and medium firms contain limited amount of the resources, resulting poor export performance outcomes in psychically distant markets. Evans et al., (2000) highlighted that small companies lack financial resources, resulting necessity of quick return on investments (ROI), in contrary, large firms possess more financial resources, thus observing longer period for ROI. Brouthers et al., (2016) studies identified that small firms perform export activities more successfully in comparison to large firms, by concentrating export activities to a single foreign market, resulting better utilization of limited resources and finally superior export performance. Other scholars analyzed the link between company's size and export performance and no significant positive or negative relation identified (Katsikeas et al., 2000).

Analysis of scientific literature presented that scholars employed various parameters to capture firm size, but indicators, namely total sale and number of employees are working in a company, were mostly applied to measure firm's size (Katsikeas et al., 2000; Behmiri et al., 2018).

*Firm's international experience***.** Scientific literature presented that scholars defined firm's international experience in terms of firm's accumulated knowledges through gained information and experiential learning (Stoian, et al., 2011; Evangelista and Mac, 2016). Ambos et al. (2018) studies presented classification of firm's international experience to general firm's international experience and experience gained in specific country. The scholars explained that general firm's international experience impacts common organization skills, differently from experience gained in specific country, which affects only skills gained in particular export countries. Moreover, the scholars agreed that the degree of firm's international experience impacts the results for the link between psychic distance and export performance, thus increasing or decreasing the individual's perceived differences (Virvilaitė and Šeinauskienė 2015; Sousa and Bradley, 2008).

Analysis of scientific literature identified controversary results in defining firm's international experience role on the link between psychic distance and export performance. Klein and Roth (1988) studies identified positive relationship between psychic distance and firm's performance under greater international experience conditions, by explaining that firm's accumulated international experience allows to gain more relevant data, thus reducing transaction costs and failures in international markets. Stöttinger and Schlegelmilch (1998) concluded that psychic distance reduces with growing international experience, resulting higher export development. Erramilli (1991) studies identified that firms with lower level of international experience seek to enter geographically and culturally similar markets, in contrary, with an increased degree of gained experience, firms become more geographically diversified. Virvilaitė and Šeinauskienė (2015) studies presented contradictonary results: psychic distance affect export performance negatively (export market share)

under average and high level of firm's international experience conditions, that were captured in terms of number of years firm is exporting and number of countries firm is exporting; psychic distance has a negative association with export performance (export sales growth and export sales volume) under low international experience conditions, that was captured in terms of export intensity. Nakos and Brouthers (2005) studies presented that firm's international experience is negatively related to the export performance, by explaining that firms achieve profit from international sales in a long term with gained experience, resulting poor export performance results in the starting stage of the international operations process. Evans et al. (2008) identified positive relationship bewteen firm's international experience and entry strategy, by revealing that international experienece reduces the level of uncertainty and risk for enetring to psychically distant market. Masso et al. (2015) identified that international experience plays an important role for the firms entering close markets and concluded that experience matters in the region-specific markets, that are culturally and geographically distant. However, controversary results were identified while analyzing export activities in Russia and previous Soviet markets (CIS). Thereafter, the scholars identified that firm's international experience in Russia market may negatively affect the outcomes of export performance and explained this relation, by detailing that previous negative business experience in Russia inherent firm's decision to perform export activities in similar markets.

Scientific literature presented that firm's international experience is captured in terms of various dimensions, but length, that represents number of years firm performs export activities, and scope, that reflects number of countries firm performs export operations, were mostly applied in various studies (Evangelista and Mac, 2016; Evans et al., 2008; Klein and Roth, 1988; Ávila, Rocha and Silva, 2015). Erramilli (1991) examined firm's international experience effect on foreign market entry in terms of length and scope measures. The scholars explained that both dimensions are very important, reflecting different aspects of firm international experience: scope, captures the diversity of firm's experience; length, examines the intensity of international experience.

In summary, analysis of scientific literature identified that organizational factors, including firms' size and resources as well as firm's international experience are the key elements effecting the link between psychic distance and export performance. However, various studies presented inconsistent results in terms of organizational factors effect on the link between psychic distance and export performance.

2.5.3. A theoretical model for the link between psychic distance, export performance and firm's international experience

In this part of the research previously described theoretical subjects are summarized in one theoretical model, that reveals the link between psychic distance, export performance and firm's international experience. This model is presented in terms of the scheme and detailed in Figure 1. The model consists of three parts: psychic distance, export performance and firm's international experience, that are detailed in the next sections.

Psychic distance is the first element in a proposed theoretical model. For this research, consistent with Sousa et al. (2006) and Evans et al. (2002) studies, psychic distance is defined as individuals' perceived differences (distances) between home country and foreign (export) country. Moreover,

these differences (distances) are captured in terms of four dimensions, referring to cultural, administrative, geographic, and economic.

Following O'Grady et al. (1996), Azar et al. (2016) and Evans et al. (2000) findings, in this theoretical model is proposed that psychic distance impacts export performance, that is presented as the second element in a proposed model and defined in terms of the results achieved from firm's international activities. Moreover, export performance is captured in terms of financial and non-financial export performance. Based on Evans et al. (2008) and Stoian et al. (2011) studies, for this research is assumed that psychic distance as a single construct fails to explain its impact on export performance and general firm's international experience is an element that impacts the link between psychic distance and export performance. Moreover, consistent with Virvilaitė et al. (2015) empirical conclusions, in this model is proposed that firm's international experience plays a moderator role on the relationship between psychic distance and export performance.

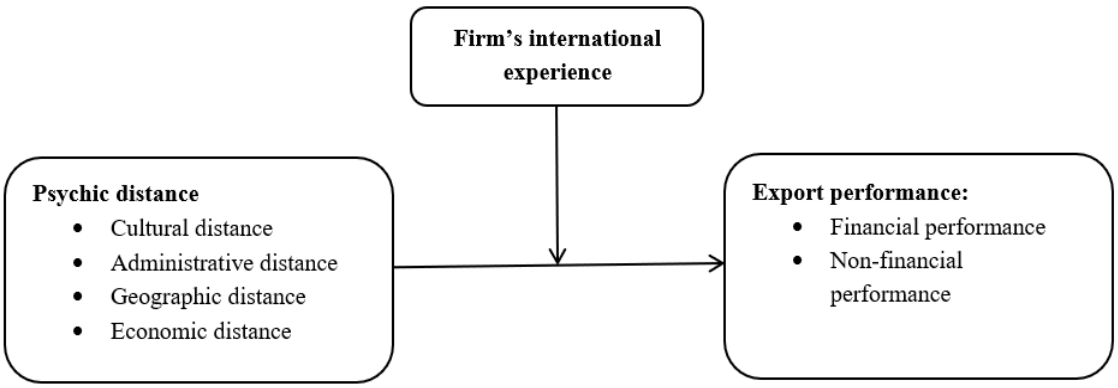

Fig. 1. A theoretical model for the link between psychic distance, export performance and firm's international experience
(Source: prepared by the author)

Finally, for this study, in agreement with Evan et al. (2008) research results, is proposed that the degree of firm's general international experience affects the outcomes of international activities, corresponding to the following: a higher degree of firm's international experience reduces psychic distance (differences) between home country and export country, resulting a positive impact on export performance; a lower degree of firm's international experience increases psychic distance between home country and export country, resulting a negative relationship between psychic distance and export performance.

In summary, analysis of scientific literature presented that psychic distance impacts export performance in terms of various organizational characteristics, referring to firm's size, resources, firm's international experience. Moreover, in scientific literature various results of the relationship between psychic distance and export performance in terms of organizational characteristics were presented. Finally, based on scientific literature analysis, a theoretical model was proposed for the link between psychic distance, export performance and firm's international experience.

3. Research methodology of the psychic distance impact on export performance in terms of firm's international experience role

This methodology part presents research model and hypotheses, justifies the research approach as well as explain research tool and measurements for the reason to expose how the research was conducted and data analysed.

Empirical research aim is to evaluate psychic distance impact on export performance in terms of firm's international experience role in Lithuanian context.

For achieving previous introduced research aim, the following **empirical research objectives** are established:

1. To test empirically the proposed theoretical model of the psychic distance impact on export performance in terms of firm's international experience role in Lithuanian context;
2. To analyze the results and propose recommendations for exporting firms to receive better outcomes of export activities.

Research model and hypotheses. Based on the proposed theoretical model of the psychic distance impact on export performance in terms of firm's international experience (see Figure 1), it is assumed that international experience plays a moderator role on the link between psychic distance and export performance. Moreover, in this research is proposed that the results of the relationship between psychic distance and export performance depends on the degree of firm's international experience. It is supposed that a high level of firm's international experience allows to reduce individual's perceived cultural, economic, geographic and administrative differences between home country and foreign country, resulting positive relationship between psychic distance and export performance. In contrary, it is assumed that a low degree of firm's international experience increases individual's perceived cultural, administrative, geographic and economic differences between countries, thus affecting the link negatively. Based on these assumptions and Virvilaitė and Šeinauslienė (2015) empirical research results and recommendations to repeatedly test their formulated hypotheses in industry specific and Lithuania context, the following hypotheses are proposed for this research:

H1: *Psychic distance impacts export performance negatively under low firm's international experience conditions.*
H2: *Psychic distance impacts export performance positively under high firm's international experience conditions.*

Research approach. For conducting empirical research, **quantitative research approach** was employed, as this strategy allows to examine the theoretical preconditions and hypotheses, captures relationships between variables, generalise findings as well as reduces subjectivity of the researcher (Creswell and Creswell, 2018). Moreover, analysis of scientific literature presented different quantitative research designs types. However, evaluating that empirical research aims to examine existing theoretical models and proposed hypotheses of the psychic distance impact on export performance in terms of firm's international experience role, for this study **survey research** was applied. According to Cooper (2019), survey research design allows to measure multiple indicators at the same time as well as appropriately captures underlying relationships between constructs. For the research data collection , questionnaire tool was employed, as it is one of the cheapest and quickest way to gather a big amount of data as well as convenient method for respondents, allowing to

complete questionnaire anytime and anywhere they want. The research tool is detailed in the next sections.

Research method. Firstly, descriptive statistics was performed to reveal the research sample profile and summarize research constructs data. Thereafter, CAGE comparator online tool was employed to evaluate whether objectively evaluated countries by respondents in terms of psychic distance dimensions match with objective CAGE index evaluation. Since the research captures constructs and dimensions in terms of multi items, Spearman's rho test was performed in order to evaluate the association as well as the direction and strength of the association between the items that were employed to measure psychic distance construct in psychically distant and psychically close countries. Further, two EFA (explanatory factory analysis) procedures were performed to evaluate dimensionality of the construct and extract items related to the corresponding dimensions. Firstly, principal component method was applied, and four factors were asked to extract due to the reason that the items were designed to capture four dimensions. Next, principal axis factoring method was conducted. Further, confirmatory factor analysis (CFA) was performed to test the structure of the factors identified in EFA. Based on the identified results, new dimensions were created by employing mean function and reliability of newly developed dimensions were evaluated by calculating Cronbach's alpha coefficient. Moreover, the procedures were performed with data obtained in psychically distant countries and in psychically close countries. Finally, new psychic distance items were created for psychically distant and psychically close countries and included in the analysis. Further, the same procedures of Spearman's, EFA, CFA and reliability analysis were performed for the items that were extracted to measure financial and non-financial export performance, thus creating new export performance variables for psychically close and psychically distant countries. Then, descriptive statistics and correlations were tested between newly developed variables and all export performance indicators. Thereafter, the direct effect of newly developed psychic distance variables on newly created financial; non-financial export performance variables; all export performance indicators were assessed in distant and close countries by employing simple linear regression. Finally, moderation analyses by employing Process macro v3.4.1. were performed to detect whether firm's international experience performs a moderation function on the link between psychic distance and extracted financial export performance; extracted non-financial export performance; all export performance indicators. Moreover, moderation analysis results were evaluated in terms of three international experience levels, referring to low, mean, and high, to identify under which conditions the moderator effect is significant between psychic distance and export performance. Moderation procedures were performed for interactions in psychically distant and psychically close countries.

Research tool and measurements. The questionnaire was employed as a tool to collect data for the research and created by applying online instrument (www.apklausa.lt.). The questionnaire (see Appendix 1) starts with an introduction, in order to present researcher, explain the aim of the study, ensure that all provided data is confidential and promise to share the overall results of the research as well as recommendations, corresponding to the better outcomes of export activities. Thereafter, respondents were asked to response to the questions, including: 8 closed-ended, 6 open-ended questions and 6 five-point Likert scale questions. In the end of the questionnaire respondents were asked to indicate an email if they wish to receive the research results and recommendations. Moreover, the questionnaire was prepared to capture exporting firms' profile as well as psychic distance, export performance and international experience constructs. These constructs were

examined by multiple indicators and captured by measurement scales proposed by previous scientific studies, that are presented in Table 8 and more detailed in the next sections.

Table 8. Measurement indicators for empirical research constructs

Construct	**Construct dimension**	**Indicators/items**	**Source**	**Questionnaire item** ***(scale type)***
Psychic distance	Cultural distance	Cultural beliefs, values, attitudes, and traditions, Language	Sousa et al., 2006 Evans et al., 2005 Ahamed et al. 2013	Please indicate the degree to which you perceive that your home country (Lithuania) is similar or different to your previous nominated psychically distant country among each dimension (*1=very similar, 5=very different)* Please indicate the degree to which you perceive that your home country (Lithuania) is similar or different to your previous nominated psychically close country among each dimension *(1=very similar, 5=very different):*
	Administrative distance	Corruption level, Political and legal systems	Ahamed et al. 2013 Puthussery et al., 2013 Weitzel et al., 2006	
	Geographic distance	Transportation infrastructure, Communication infrastructure	Sousa et al., 2009	
	Economic distance	Economic environment, Economic development	Evans et al., 2008 Sousa et al., 2009	
Export performance	Financial performance	Export sales growth, Export profitability, Export market share	Gertner et al., 2007 Cavusgil et al., 1994 Sousa, 2004	Please indicate the degree to which the following indicators have changed during the last two years in your nominated psychically distant country *(1=decrease of more than 20%, 5=increase of more than 20%)* Please indicate the degree to which the following indicators have changed during the last two years in your nominated psychically close country *(1=decrease of more than 20%, 5=increase of more than 20%)* (*Selection from provided answers)*
	Non-financial performance	Achievement of strategic goals, Satisfaction with export experience, Satisfaction with export performance	Gertner et al. 2007 Freeman et al., 2012 Stoian, 2011 Freeman et. al., 2014	Please indicate how successful was your firm regarding the following indicators during the last two years in your nominated psychically distant country (*1=very unsuccessful, 5=very successful)* Please indicate how successful was your firm regarding the following indicators during the last two years in your nominated psychically close country (*1=very unsuccessful, 5=very successful)*
International experience	Length	Number of years firm is exporting	Evans et al., 2008 Evangelista et al., 2016	How many years your firm is exporting? (*Selection from provided answers*)
	Scope	Number of countries firm is exporting	Evans et al., 2008 Evaneglista et al., 2016	In how many countries your firm was exporting in 2019? *(Selection from provided answers*)

Psychic distance. In this research psychic distance was defined as independent variable. For psychic distance quantification, Ghemawat (2001) proposed dimensions were adopted, referring to the culture, administrative, geographic and economic distances between two countries. Moreover, existing indicators introduced in scientific literature were employed to measure psychic distance dimensions. For capturing cultural distance, cultural beliefs, values, attitudes, traditions and language indicators were employed. These items were taken from Evans et al. (2005), Sousa et al. (2006) and Ahamed et al. (2013) studies. Corruption level, political and legal systems indicators were adopted from Puthussery et al. (2013) and Weitzel et al. (2006) studies to capture administrative distance dimension. Economic distance dimension was measured in terms of economic environment indicator, developed by Evans et al. (2008) and economic development indicator, identified in Sousa et al. (2009) studies. Geographic distance dimension was captured in terms of transportation infrastructure and communication infrastructure, adopted from Sousa et al. (2009) studies. Moreover, all these items were framed in the way to capture individual's perceived differences between home country (Lithuania) and foreign country. Additionally, psychic distance definition was provided for the respondents. Corresponding to this, respondents were requested to indicate one of their export countries which they perceive as psychically distant and one country they perceive as psychically close to home (Lithuania) country. Further, representatives had to nominate the degree to which they perceive that their home country (Lithuania) is similar or different to their indicated psychically close and psychically distant export markets in terms of five-point scale, applied from Sousa et. al (2009) studies, indicating (1) as very similar and (5) as very different.

Additionally, CAGE comparator online tool was employed to evaluate if subjectively evaluated countries by respondents in terms of psychic distance dimensions match with objective evaluation. Lithuania was marked as focal country to which all the other countries included in the study were evaluated in terms of CAGE distances, referring to cultural, that captured in terms of common official language; administrative, that reflected colonial linkage and trade agreements; geographic, that evaluated physical distance and common border; economic, that compared GDP per capita. Finally, CAGE distance indicator was automatically calculated for each psychically distant and psychically close country listed by respondents in comparison to home country (Lithuania).

Export performance. In this study export performance was defined as a dependent variable and measured in terms of two dimensions, identified in scientific literature, including financial performance and non-financial performance. In this research both dimensions were applied for the reason to receive more accurate results, referring to absolute and subjective values. Moreover, literature analysis presented that respondents in most cases fail to share firm's financial information, resulting lack of data to measure export performance. For eliminating this problem, non-financial performance indicators also were employed, resulting that both dimensions were applied in the research. Financial performance dimension was captured in terms of three indicators: 1) export sales growth, employed from Gertner et al. (2007) studies; 2) export profitability, identified in Cavusgil et al. (1994) studies; 3) export market share, applied from Sousa (2004) research. The respondents were requested to indicate the degree to which financial indicators have changed during the last two years in nominated psychically distant and psychically close export countries on a five-point scale, indicating (1) as decrease of more than 20% and (5) as increase of more than 20%. The latter scale was adopted from Evans et al. (2008) studies. Non-financial performance dimension was assessed in terms of the following indicators: 1) achievement of strategic goals, employed from Gertner et al. (2007) studies; 2) satisfaction with export experience, identified in Gertner et al. (2007) and Freeman

et al. (2012) research; 3) satisfaction with export performance applied from Stoian et al. (2011) and Freeman et al. (2014) studies. Considering non-financial indicators, respondents were requested to nominate how successful was the firm in terms of these indicators during the last two years in nominated psychically distant and psychically close countries on a five-point scale, indicating (1) as very unsuccessful and (5) as very successful. The latter scale adopted from Evans et al. (2008) studies. Moreover, period of two years was considered, as this period allow to capture changes in results of export activities.

For this research, consistent with Sousa et al. (2010) studies, five-point Likert scale was employed as this scale in comparison with higher rate scales are easier to understand and takes less time for respondents. Moreover, five-point scale reduces possibility to leave incomplete questionnaire and allows to code received data easier.

International experience. For this research firm's international experience was defined as a moderator variable, that affect the relationship between psychic distance and export performance. Moreover, firm's international experience was captured in terms of two indicators, identified in scientific literature: 1) number of years firm is exporting; 2) number of countries firm is exporting, identified in Evans et al. (2008) and Evangelista et al. (2016) studies.

Research context. For this research, Lithuanian country was chosen due to the following reasons: 1) scientific litertaure presented a lack of studies of psychic distance impact on export performance in terms of firm's international experience role in Lithuanian context; 2) Lithuanian internal market is small, resulting that country economy strongly depends on the exporting activities. Moreover, based on Virivilaitė and Šeinauskienė (2015) recommendation repeatedly test the psychic distance impact on export performance in terms of firm's international experience role in industry specific sector, for this research, food industry was selected to assess the consistency of both research results. Furthermore, according to Enterprise Lithuania (2019), approximately 42% of Lithuanian firms produced food and beverages are exported to more than 130 countries over the world. Finally, food industry, which includes manufacturing of food products and beverages was selected, as this industry plays a major role among other sectors in Lithuania by accounting approximately 4,6% of total employees, 4,5% of GDP and 11% of total Lithuanian export (Enterprise Lithuania, 2019).

Sample characteristics and data collection. The empirical research sample selection was performed in two stages. In the first stage, sample was selected which complies with the following characteristics: 1) the firm is performing export activities; 2) the firm is operating in food industry; 3) the firm is Lithuanian based. To identify such sample, one of non-probability sampling, called convenience sampling was applied. The list of Lithuanian exporting firms, that operate in food industry, was collected from Enterprise Lithuania database (2020). Moreover, official international exhibition catalogues, including SIAL China (2009), ANUGA Germany (2009), PLMA Amsterdam (2009), GULFOOD Dubai (2020), ISM Germany (2020) were checked in order to determine more accurate list of Lithuanian exporting firms, as no complete list of Lithuanian exporting firms is defined. Based on this data, 234 firms were identified as a potential sample population for this research. Enterprise Lithuania (2020) data base and other online sources provide information about each exporting firm, including total number of firms operating in each food sub-industry, number of employees and total turnover (see Appendix 2). This information was analyzed to evaluate exporting firm's compliance with previous defined research sample characteristics. However, analysis of this

information presented necessity to eliminate 8 firms from the potential sample list as they do not perform activities in food industry. Finally, 226 firms were defined as sample population for this research. Moreover, the respondents who work in export field or expected to have information about firm's international activities were investigated by employing online tools (firms' webpages, LinkedIn professional network, Facebook social networks, international exhibition catalogues) in order to obtain detailed and correct information. Thereafter, the link with the questions by email or LinkedIn social network were sent to these representatives, referring to 226 Lithuanian exporting firms. Moreover, after 10 days the reminder messages with the questionnaire link were sent to the exporting firms' representatives. Data collection procedure lasted from 7th of March till 12th of April 2020. Totally, 47 respondents decided to participate in the research, referring to 20,7% response rate Therefore, 2 respondents informed that they perform export activities less than one year and 1 declared that they export to one country, resulting that these companies couldn't participate in the research. Evaluating this, in the second sample selection stage, only firms that satisfy the following characteristics: 1) firm is performing export activities at least two years; 2) firm is performing export operations at least in two countries, were included in the further research. Finally, data of **44 exporting firms** were involved in the further investigations.

Research ethic. The research was conducted by following ethical principles, including guarantee of confidentiality for respondents, right to withdraw from the participation in the research, avoiding falsification and misinterpretation of received data as well as complying with the moral principles while conducting the research.

Research process. The research was conducted in terms of steps as following:
Step 1. Preparation of the questionnaire
Step 2. Representative sample identification
Step 3. Pilot test of the questionnaire with 13 exporting firms
Step 4. Amendments of the questionnaire based on the identified problems and propositions
Step 3. Emailing amended questionnaires to the representative samples
Step 4. Data collection from 7th of March till 12th of April 2020
Step 5. Data analysis in terms of defined measurements and statistical methods
Step 6. Providing recommendations for exporting firms

Limitation of the research. There is no complete list of Lithuanian exporting firms which operate in food industry, appealing to the probability that the list of exporting firms identified in Lithuanian Enterprise data base and international exhibition catalogues is not presenting the whole possible population of the research. Moreover, the research was conducted employing only Lithuanian firms which operate in food and beverages industry, appealing impossibility to generalize results for firms from other industries and countries. Also, there is a risk of respondents' subjectivity in completing the questionnaire as well as possibility that they provide incorrect data due to the lack of information, time, or other reasons. Additionally, outbreak of COVID-19 virus negatively affected data collection procedure, resulting lower level of response rate of 20,7 %. Such response rate may fail to detect significant interactions between items included in the research and to generalize the research findings for the whole sample population. Finally, not representative research sample were identified in terms of firm's size characteristics in comparison to the same characteristics of general population.

4. Results of the empirical investigation of psychic distance impact on export performance in terms of firm's international experience role in Lithuania context

This part reveals how the research constructs and its' dimensions were tested, presents empirical investigation results. Finally, introduce discussion, recommendations, limitations of the research and provide directions for the future investigations.

4.1. Findings of the empirical research analysis

In this section, the research sample profile and representativeness are determined, results of subjective and objective countries evaluation are revealed, analysis of the research constructs are presented, and applied methods and results are exposed.

Exporting firms' profile. The results of the research sample profile are revealed in terms of exporting firm's size, food sub-industries, legal status, main export countries, foreign ownership data, that are summarized in Table 9 and are detailed in the next sections.

Food sub-industries. In the questionnaire 13 food sub-industries were proposed as well as possibility for respondents to indicate "other" option of food sub-industry. Analysis of received data indicated that all proposed sub-industries were represented. Moreover, 8 "other" options of sub-industries were listed in the questionnaire by respondents. However, 7 sub-industries were assigned to one of the 13 proposed sub-industries and only 1 food sub-industry left in "other" section. The final number of respondents, representing each food sub-industry are detailed in Table 9. As indicated in Table 9, majority of Lithuanian exporting firms were from Confectionary and sugar sub-industry (15,9%), Grain wheat and fodder sub-industry (12,7%), Milk and milk products (11,1%) and Bakery sub-industries (11,1%). The lowest number of respondents represented Fruit and vegetables (1,6%) and other (1,6%) sub-industries.

Firm size. Firm size is also an important organizational characteristic that impacts its international operations. Based on this, exporting firm's total number of employees and total turnover were evaluated to capture firms' size and determine which size companies mostly participated in the study. The data analysis that detailed in Table 9 reveals that majority of the firms presented medium sized firms of 50-249 employees (43,2%) and large firms, that employ more than 250 employees (40,9%). Moreover, respondents from small enterprises of 10-49 employees also participated in the study (13,6%). However, the lowest number of respondents were from micro enterprises that employ less than 10 employees (2,3%). Analysis of exporting firms' total turnover confirmed that most respondents were from medium size enterprises (40,9%), that generate 10-49,9 mln. EUR annual turnover and the lowest number were from micro firms, referring to less than 2 mln. EUR annual turnover (9,1%). Nevertheless, analysis of firms' annual turnover data represented some differences in comparison to employees' number data which indicates large and small enterprises. These differences may occur due to failure in providing correct numbers by respondents.

Legal status. The legal status of exporting firms was also considered. As presented in Table 9 most respondents of 81,8% represented Joint stock companies, 9,1% were from Individual enterprises, 4,5% represented Cooperative companies and 2,3% Public limited company and the same number was from General partnership companies.

Table 9. Research sample profile

Sub-sector	**%**
Alcoholic beverages	7,9
Non-alcoholic beverages	6,3
Milk and milk products	11,1
Meat and meat products,	6,3
Poultry and eggs	3,2
Fish and fish products	7,9
Bakery	11,1
Confectionary and sugar	15,9
Fruits and vegetables	1,6
Nuts, berries and mushrooms	4,8
Spices, herbs and seeds	4,8
Oils	4,8
Grain, wheat and fodder	12,7
Other	1,6
Total	100,0

Firm size (number of employees)	**%**	**Firm size (total turnover)**	**%**
Micro firms (1-9 employees)	2,3	Micro firms (≤2,00 mln. EUR)	9,1
Small firms (10-49 employees)	13,6	Small firms (2,00-9,99 mln. EUR)	27,3
Medium firms (50-249 employees)	43,2	Medium firms (10,0-49,99 mln. EUR)	40,9
Large firms (≥250 employees)	40,9	Large firms (≥50 mln. EUR)	22,7
Total	100,0		100,0

Legal status	**%**	**Foreign ownership**	**%**
Joint stock company	81,8	Yes	6,8
Public limited company	2,3	No	93,2
Individual enterprise	9,1	Total	100,0
General partnership	2,3		
Agriculture cooperative	4,5		
Total:	100,0		

Main export countries	**%**	**Nuber of employees working with export**	**%**
United Kingdom	20,4	1 employee	4,5
Germany	20,4	2-5 employees	61,4
Latvia	15,3	6-9 employees	9,1
Russia	10,2	≥10 employees	25,0
Poland	7,7	Total	100,0
Finland	2,6		
Sweden	2,6		
Spain	2,6		
India	2,6		
Denmark	2,6		
Norway	2,6		
Ukraine	2,6		
United States of America	2,6		
South Africa	2,6		
Saudi Arabia	2,6		
Total	100,0		

Manager's position		**Manager's international business experience**
CEO	4,5	Mean: 6 years
General manager	2,3	
Commercial/Export/Sales director	20,5	
Head of export/sales	25,0	
Export/sales manager	38,6	
Other	9,1	
Total	100,0	

Other information. Respondents also provided information about the number of employees working with export. As presented in Table 9, most of the respondents of 61% indicated that 2-5 employees work with export activities and only 5% defined that 1 employee is responsible for export operations, referring that 95% of respondents participating in this research had more than1 person to work with export activities. Moreover, most of respondents indicated that the firms they are representing are not foreign owned (93,2%) and only small number of representatives defined that the enterprises they work in is foreign owned (6,8%). Later, the respondents were asked to indicate the main export country in 2019, referring to 15 different countries over the world indication by the respondents. Data analysis presented that United Kingdom and Germany was mostly nominated as main export countries by respondents, referring to 21% of each (see Table 9). Moreover, analysis identified that 18% of respondents indicated main export countries out of the Europe region, the rest part of export countries nominated in survey were Europe based. Finally, respondents had to indicate their positions in a company and international experience, referring that 90,9% of respondents who filled the questionnaire were related with export activities and averagely had 6 years of international business experience.

In summary, analysis of data above allows to determine the research sample profile, referring to medium sized, joint stock companies, not foreign owned, mainly representing Confectionary and sugar and Grain, wheat and fodder sub-industries, having 2-5 employees responsible for export operations and mostly exporting to United Kingdom, Germany and Latvia.

Research sample representativeness. Furthermore, it was important to evaluate if the research sample was representative to previously identified overall population of Lithuanian exporting firms. Similar representatives of the research sample were identified when comparing to the general population in terms of firm's legal status, referring to 81,8 % of research sample represented joint stock companies and 81,9% of the overall population were from joint stock companies as well. Moreover, Chi-square goodness of fit test was employed to evaluate if observed sample proportions significantly differ from population proportions in terms of number of employees, total turnover and food sub-industry. The results presented that the observed sample was equally distributed in terms of food sub-industry in the Lithuanian exporting firms' population, X^2 (13, N=44) = 18.97, p= 0.124. However, evaluating research sample in terms of number of employees and total turnover, unequal proportions were identified, referring to X^2 (3, N=44) = 47.07, p= 0.000 and X^2 (3, N=44) = 38.37, p=0 .000.

Results of the subjective and objective countries evaluation. Table 10 presents that 30 different countries were indicated by representatives of exporting firms' and involved in the further study. 23 different countries were perceived as psychically distant and 11 different countries indicated as psychically close. Moreover, almost half of respondents nominated Latvia as psychically close country and China was indicated as psychically distant country most often. CAGE comparator online tool identified China as distant country to Lithuania in terms of geographic, cultural, economic and administrative dimensions with high CAGE distance indicator of 7072 and this outcome complied with the results received from respondents. A low CAGE distance indicator of 5,4 identified Latvia as close country to Lithuania in terms of CAGE dimensions and this also confirmed results received from representatives, referring to the nomination of Latvia as psychically close country to Lithuania most often. Meanwhile, some countries, including Russia, Estonia, United Kingdom and United States of America were perceived as psychically close countries by some respondents and by some representatives defined as psychically distant countries to Lithuania. CAGE comparator determined

United States of America as distant country to Lithuania with distance indicators of 9223, while Estonia and United Kingdom as psychically close countries with indicators of 43 and 386. One respondent indicated South Africa as psychically close country. CAGE comparator defines this country as distant with indicator of 7028. The results of the rest countries that participated in the study are detailed in Table 10.

Table 10. List of countries included in the study and its' CAGE distance indicators

No.	Country name	Frequency	CAGE distance indicator
	Perceived as psychically distant		
1.	Australia	2	26307
2.	Brazil	1	13600
3.	Peru	1	10140
4.	Vietnam	1	10006
5.	United States of America	3	9223
6.	Taiwan	2	9145
7.	Japan	6	9126
8.	Thailand	2	8794
9.	Mexico	1	7635
10.	**China**	7	7072
11.	Nigeria	1	5065
12.	South Korea	3	4722
13.	Ghana	1	3412
14.	United Arab Emirates	2	3025
15.	Libya	1	1428
16.	Azerbaijan	1	1267
17.	Israel	1	869
18.	Algeria	1	858
19.	France	1	416
20.	United Kingdom	2	386
21.	Norway	1	183
22.	Russia	2	103
23.	Estonia	1	43
	Perceived as psychically close		
1.	**Latvia**	20	5,4
2.	Poland	6	22
3.	Estonia	1	43
4.	Sweden	1	85
5.	Russia	1	103
6.	Denmark	1	111
7.	Ukraine	1	164
8.	Germany	6	173
9.	United Kingdom	5	386
10.	South Africa	1	7028
11.	United States of America	1	9223

Source: questionnaire data and https://ghemawat.com/cage

To summarize, the analysis of objective and subjective countries evaluation identified that some countries were nominated as distant by respondents and the same countries as close by other representatives, confirming that psychic distance is individual's perceived differences between home country and foreign country.

Analysis of the research constructs. Since this empirical investigation captures research constructs in terms of multi items scales, Spearman's rho test, EFA, CFA and reliability test procedures were employed, and results are presented in the next sections.

Psychic distance. Firstly, the statistical methods were performed for the items and dimensions that captured psychic distance in psychically distant countries. Table 11 shows, that Spearman's rho correlation results confirmed a positive association between the items that were extracted to measure four psychic distance dimensions. Moreover, a weak positive correlation was determined between Cultural beliefs, values, attitudes and traditions item and Language item, $r_s(44) = 0.342$, $\rho < 0.05$. Further, moderately positive correlation was identified between Corruption item and Political and legal systems item, $r_s(44) = 0.571$, $\rho < 0.01$ as well as between Transportation infrastructure item and Communication infrastructure item, $r_s(44) = 0.584$, $\rho < 0.01$. Finally, strong positive relationship was identified between Economic environment item and Economic development item, $r_s(44) = 0.827$, $\rho < 0.01$.

Table 11. Spearman's rho test results for psychic distance items in psychically distant countries

Spearman's correlation coefficients	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. Cultural beliefs, values, attitudes and traditions	1							
2. Language	0.342*	1						
3. Corruption level	0.248	0.345*	1					
4. Political and legal systems	0.253	0.188	0.571**	1				
5. Transportation infrastructure	0.279	0.211	0.457**	0.406**	1			
6. Communication infrastructure	0.200	0.176	0.449**	0.429**	0.584**	1		
7. Economic environment	0.431**	0.097	0.340*	0.471**	0.486**	0.482**	1	
8. Economic development	0.339*	0.087	0.222	0.361*	0.605**	0.462**	0.827**	1

**ρ<0.01, *ρ<0.05 (2-tailed). N=44

EFA results in Table 12 show, that four factors with two items were extracted and explained 84.135% of the variance in psychically distant countries, while employing principal components method (Method 1) and principal axis factoring (Method 2) with selection of KMO and Bartlett's test and varimax rotation. Moreover, Method 1 revealed that Economic dimension was defined as a Factor 1 with Eigenvalue greater than 1 and explained 47.997% of variance with the high loadings of 0.858 and 0.883 on two items, including Economic environment and Economic development. Factor 2, referring to Administrative dimension extracted two items, namely Corruption level, Political and legal systems and contained Eigenvalue higher than 1 as well as accounted for 16.315% of variance with loadings above 0.742. Geographic dimension that contained two items, including Transportation infrastructure and Communication infrastructure, was defined as a Factor 3 with Eigenvalue of 0.902, explained 11.281% of the variance and factor loadings were above 0.719. The last Factor 4, also, extracted 2 items, referring to Cultural beliefs, values, attitudes and traditions and Language, with loadings 0.770 and 0.853. However, Factor 4 explained the lowest rate of variance referring to 8.542% as well as the lowest Eigenvalue of 0.683. Method 2 presented similar results with all factor loadings between 0.515 to 0.880. This result presents consistency with the theoretically proposed structure of

the four psychic distance dimensions and confirms that employees understand the differences between home country and psychically distant country in terms of cultural, administrative, geographic and economic distances.

Table 12. EFA results for psychic distance dimensions in psychically distant countries

		Method 1*			Method 2**		
Results	**Dimensions and items**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**
Factor 1	*Economic dimesnion*		3.840	47.997		3.840	47.997
	Economic environment	0.858			0.880		
	Economic development	0.883			0.793		
Factor 2	*Administrative dimension*		1.305	16.315		1.305	16.315
	Corruption level	0.742			0.780		
	Political and legal systems	0.879			0.613		
Factor 3	*Geographic dimension*		0.902	11.281		0.902	11.281
	Transportation infrastructure	0.719			0.768		
	Communication infrastructure	0.723			0.515		
Factor 4	*Cultutal dimension*		0.683	8.542		0.683	8.542
	Cultural beliefs, values, attitudes and traditions	0.770			0.641		
	Language	0.853			0.642		

* principal component, **principal axis factoring

CFA model in Table 13 presents that the set of items were related to underlying factors with high standardized loadings on the suggested dimension from 0.633 to 0.985 and this result complied with EFA outcome. Model fit analysis results identified, that proposed four factors model accounted acceptable data fit, referring to χ^2 (14, N=44) =18.903, $\rho < 0.05$; comparative fit index (CFI) = 0.965; goodness to fit index (GFI) = 0.903; Trucker-Lewis index (TLI) = 0.930; root mean square error of approximation (RMSEA) = 0.090, $\rho > 0.05$. Moreover, the critical ratios (C.R) of the items, that were extracted to measure different dimensions, were significant, C.R. > 1.96 = $\rho < 0.05$, referring of the covariance with intended factors.

Table 13. CFA results for psychic distance items in psychically distant countries

Items <--- Dimensions	**Loadings**	**S.E.**	**C.R**	**P Label**
Language <--- Cultural_dimension	0.694			
Cultural beliefs, value, attitudes and traditions <--- Cultural_dimension	0.633	0.361	2.407	0.016
Political and legal systems <--- Administrative_dimension	0.673			
Corruption level <--- Administrative_dimension	0.873	0.380	3.707	***
Communication infrastructure <--- Geographic_dimension	0.740			
Transportation infrastructure <--- Geographic_dimension	0.845	0.292	5.105	***
Economic development <--- Economic_dimension	0.986			
Economic environment <--- Economic_dimension	0.838	0.128	6.749	***

***$\rho<0.001$

Additionally, CFA results for psychic distance items that were designed to capture four dimensions, referring to cultural, administrative, geographic, and economic in psychically distant countries are graphically presented in Figure 2.

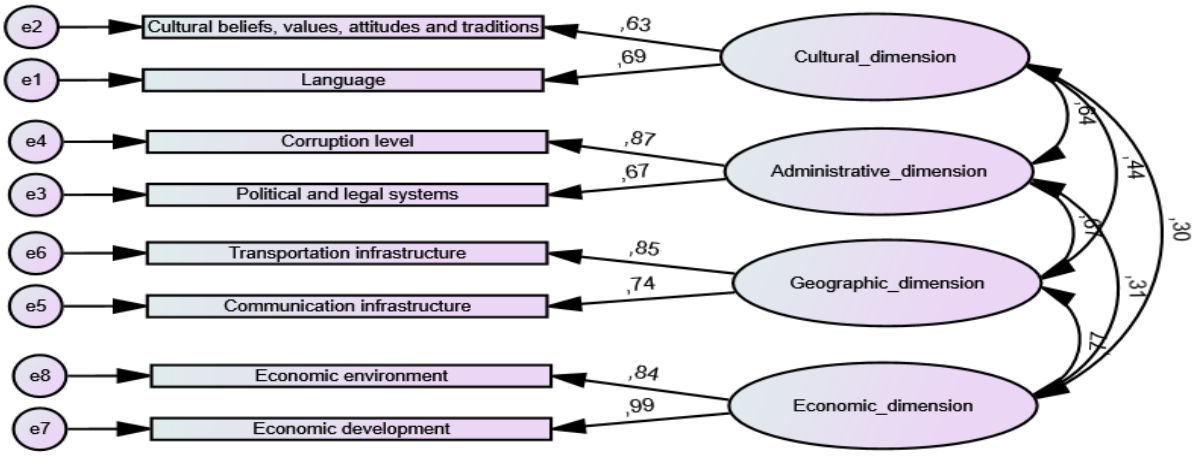

Fig. 2. A graphical representation of CFA results for psychic distance items in psychically distant countries

Results of EFA and CFA procedures allowed to extract psychic distance items to four dimensions that captured psychic distance construct in psychically distant countries as proposed in the theoretical model, by employing additional EFA procedure. EFA results in Table 14 shows, that one factor was extracted with Eigenvalue of 2.337 and explained 58.433% of variance. Moreover, Cronbach's value was greater than 0.700, referring to acceptable internal consistency. Based on these outcomes, a new latent variable was created, by computing Cultural_Distant, Administrative_Distant, Geographic_Distant and Economic_Distant items, namely Psychic_distanceTD. Newly developed latent variable was included in the further investigations.

Table 14. EFA and Cronbach's alpha results for newly developed psychic distance variable in psychically distant countries

Results	Construct and items	Eigenvalues	Variance explained, %	Cronbach's alpha
Factor 1	**Psychic_distanceTD**	2.337	58.433	0.762
	Cultural_Distant			
	Administrative_Distant			
	Geographic_Distant			
	Economic_Distant			

Further, all the procedures were performed for the items and dimensions that captured psychic distance in psychically close countries and results are discussed in the next sections. Table 15 presents, that Spearman's rho test identified a positive relationship between the items that were designed to measure four psychic distance dimensions in psychically close countries. Moreover, a weak positive relationship was determined between Cultural beliefs, values, attitudes and traditions item and Language item, $r_s(44) = 0.328$, $\rho < 0.05$. Strong positive association was presented between Corruption level item and Political and legal systems item, $r_s(44) = 0.625$, $\rho < 0.01$. Further, very strong positive relationship was identified between Transportation infrastructure item and Communication infrastructure item, $r_s(44) = 0.807$, $\rho < 0.01$. Finally, very strong positive relationship was determined between Economic development item and Economic environment item, $r_s(44) = 0.858$, $\rho < 0.01$.

Table 15. Spearman's rho test results for psychic distance variable in psychically close countries

Spearman's correlation coefficients	1	2	3	4	5	6	7	8
1. Cultural beliefs, values, attitudes and traditions	1							
2. Language	0.328*	1						
3. Corruption level	0.529**	0.209	1					
4. Political and legal systems	0.631**	0.143	0.625**	1				
5. Transportation infrastructure	0.728**	0.053	0.683**	0.723**	1			
6. Communication infrastructure	0.707**	0.044	0.577**	0.699**	0.807**	1		
7. Economic environment	0.616**	0.229	0.550**	0.797**	0.761**	0.712**	1	
8. Economic development	0.516**	0.209	0.475**	0.713**	0.612**	0.506**	0.858**	1

**ρ<0.01, *ρ<0.05 (2-tailed). N=44

EFA results in Table 16 shows that four factors, that explained 92.119% of the variance, with different number of items were extracted, corresponding to measure psychic distance construct in psychically close countries, while performing Method 1 and Method 2. Furthermore, Factor 1 was extracted of three items referring to Communication infrastructure, Cultural beliefs, values, attitudes and traditions and Transportation infrastructure with the loadings above 0.781, Eigenvalues greater than 1 and explained variance of 65.263%. Factor 2 was also extracted from three items, including Economic environment, Economic development, and Political and legal systems with loadings from 0.668 to 0.9111, Eigenvalue equal to 0.967 and explained 12.084% of the variance. However, Factor 3 contained only one item, namely Corruption level, with Eigenvalue lower than 1 and explained only 8.521% of variance. Finally, Factor 4 was designed from single item as well, referring to Language with Eigenvalue lower than 1 and explained 6.251% of variance. Method 2 presented similar results. This outcome defines inconsistency with the theoretically proposed structure of four psychic distance dimensions, referring that managers failed to distinct perceived differences between home country and psychically distant country in terms of cultural, administrative, geographic and economic distances.

Table 16. EFA results for psychic distance dimensions in psychically close countries

		Method 1*			Method 2**		
Results	**Dimensions and items**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**
	Dimension 1		5.221	65.263		5.221	65.263
	Communication infrastructure	0.883			0.853		
Factor 1	Cultural beliefs, values, attitudes and traditions	0.838			0.776		
	Transportation infrastructure	0.781			0.754		
	Dimension 2		0.967	12.084		0.967	12.084
	Economic environment	0.911			0.830		
Factor 2	Economic dvelopment	0.797			0.813		
	Political and legal systems	0.668			0.605		
	Dimension 3		0.682	8.521		0.682	8.521
Factor 3	Corruption level	0.874			0.695		
	Dimension 4		0.500	6.251		0.500	6.251
Factor 4	Language	0.983			0.679		

* principal component, **principal axis factoring

Table 17 shows that CFA analysis presented the significant χ^2 (14, N=44) =17.8833, $\rho < 0.05$ and acceptable model fit with the following indices: comparative fit index (CFI) = 0.986; goodness to fit

index (GFI) = 0.916; Trucker-Lewis Index (TLI) = 0.972; root mean square error of approximation (RMSEA) = 0.080, ρ >0.05. Moreover, the critical ratios (C.R.) of the items that were extracted to measure administrative, geographic and economic dimensions were significant, C.R. > 1.96 = ρ < 0.05, referring the covariance with the intended factors. However, the critical ratio of the items designed to measure cultural dimension were not significant, C.R. <1.96 = ρ > 0.05, indicating non-covariance with the intended factor. Moreover, Language item had a very low standardized loading on the Cultural dimension of 0.253. Despite this, Language item was not eliminated and included in the further study due to the fact that this item had a correlation with the following items: Cultural beliefs, values, attitudes and traditions, Corruption level, Economic environment and Economic development, r_s (44) ≥ 0.200. Moreover, Language item was not eliminated to ensure appropriate results comparison in psychically distant and psychically close countries.

Table 17. CFA results for psychic distance items in psychically close countries

Items <--- Dimensions	Loadings	S.E.	C.R	P Lable
Language <--- Cultural_dimension	0.253			
Cultural beliefs, value, attitudes and traditions <--- Cultural_dimension	1.349	4.073	1.073	0.283
Political and legal systems <--- Administrative_dimension	0.905			
Corruption level <--- Administrative_dimension	0.730	0.146	5.541	***
Communication infrastructure <--- Geographic_dimension	0.921			
Transportation infrastructure <--- Geographic_dimension	0.950	0.095	11.424	***
Economic development <--- Economic_dimension	0.851			
Economic environment <--- Economic_dimension	1.000	0.130	8.926	***

***ρ<0.001

Additionally, CFA results for psychic distance items that were extracted to capture four dimensions, referring to cultural, administrative, geographic and economic in psychically close countries are graphically presented in Figure 3.

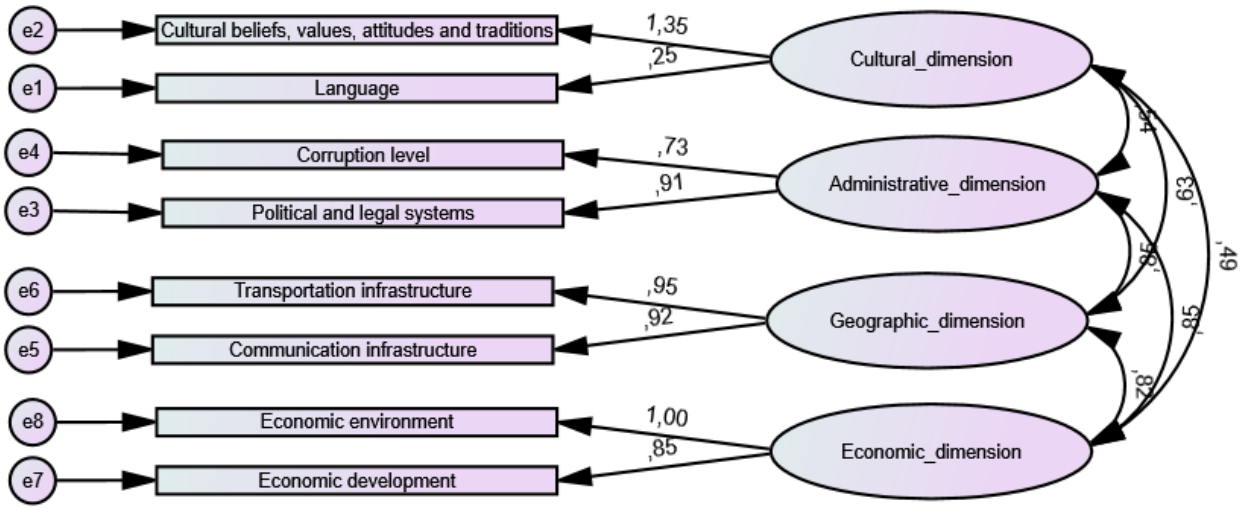

Fig. 3. A graphical representation of CFA results for psychic distance items in psychically close countries

Results of EFA and CFA procedures failed to confirm extraction of eight items to intended four psychic distance dimensions as proposed in the theoretical model. However, evaluating the outcome

of the EFA procedure, corresponding that eight items were extracted to measure psychic distance construct, and CFA model fit indices, new latent variable, namely Psychic_distanceTC was created and included in the further investigations.

Export performance. Firstly, items corresponding to measure export performance were analysed in psychically distant countries. Table 18 presents Spearman's correlation coefficients, that measured association between financial and non-financial export performance indicators, referring to the different relationships between the items. A significant positive association was identified between Export sales growth item and Export profitability, $r_s(44) = 0.607$, $\rho < 0.01$ as well as between Export sales growth and Export market share items, $r_s(44) = 0.675$, $\rho < 0.01$. Moreover, very strong positive association was determined between Export profitability item and Export market share items, $r_s(44) = 0.831$, $\rho < 0.01$. Spearman's rho test results presented a significant and positive association between export performance items that were extracted to capture financial export performance. Further, a significant and positive correlation was identified between the items, that were extracted to measure non-financial export performance, referring to a strong association between Achievement of strategic goals indicator and Satisfaction with export experience indicator, $r_s(44) = 0.674$, $\rho < 0.01$ and very strong correlation between Achievement of strategic goals item and Satisfaction with export performance item, $r_s(44) = 0.764$, $\rho < 0.01$ as well as between Satisfaction with export experience and Satisfaction with export performance indicators, $r_s(44) = 0.802$, $\rho < 0.01$. Finally, correlations between financial and non-financial items were evaluated, referring to only one significant and positive association between Export profitability and Satisfaction with export experience items, $r_s(44) = 0.398$, $\rho < 0.01$.

Table 18. Spearman's rho test results for export performance items in psychically distant countries

Spearman's correlation coefficients	1	2	3	4	5	6
1. Export sales growth	1					
2. Export profitability	0.607**	1				
3. Export market share	0.675**	0.831**	1			
4. Achievement of strategic goals	0.193	0.131	0.146	1		
5. Satisfaction with export experience	0.249	0.398**	0.265	0.674**	1	
6. Satisfaction with export performance	0.150	0.226	0.202	0.764**	0.802**	1

**$\rho<0.01$, (2-tailed). N=44

EFA results in Table 19 show, that two factors with three items, representing export performance, were extracted with Eigenvalue greater than 1, after performing principal components method (Method 1) and principal axis factoring (Method 2) with selection of KMO and Bartlett's test and varimax rotation and explained 85.55% of the variance. Moreover, Factor 1 extracted three items, referring to Export market share, Export profitability and Export sales growth with loadings above 0.841. These three items were extracted to capture financial export performance measurements. Factor 2 also extracted three items, namely Satisfaction with export performance, Achievement of strategic goals and Satisfaction with export experience with the loadings from 0.864 to 0.928. These three indicators were extracted to measure non-financial export performance. EFA outcomes presented consistency with originally proposed scales by Gertner et al. (2007). Finally, Cronbach's value was evaluated for financial and non-financial export performance constructs. Values above 0.900 were identified, referring that intended items measured financial and non-financial export performance constructs as expected, thus confirming very good internal consistency.

Table 19. EFA results for export performance items in psychically distant countries

		Method 1*			Method 2**			
Results	**Dimensions and items**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Cronbach's alpha**
	Financial export performance		3.594	59.895		3.386	56.433	0.913
	Export market sahre	0.946			0.950			
Factor 1	Export profitability	0.930			0.912			
	Export sales growth	0.841			0.739			
	Non-financial export performance		1.539	25.656		1.354	22.574	0.908
	Satisfaction with export performance	0.928			0.907			
Factor 2	Achievement of strategic goals	0.903			0.841			
	Satisfaction with export experience	0.864			0.815			

*principal components, **principal axis factoring

After EFA, CFA was proceeded, and the results confirmed that the set of items were related to underlying factors with high standardized loadings from 0.781 to 0.955 on the proposed financial and non-financial export performance constructs and these results confirm EFA outcomes. Table 20 shows that CFA analysis presented the significant χ^2 (14, N=44) =11.542, $\rho < 0.05$ and acceptable model fit with the following indices: comparative fit index (CFI) = 0.982; goodness to fit index (GFI) = 0.923; Trucker-Lewis Index (TLI) = 0.966; root mean square error of approximation (RMSEA) = 0.101, $\rho > 0.05$. Moreover, the critical ratios (C.R.) of the items, that were extracted to measure financial and non-financial export performance, were significant, C.R. > 1.96 = $\rho < 0.05$, referring covariance with intended factors.

Table 20. CFA results for export performance items in psychically distant countries

Items <--- Dimensions	**Loadings**	**S.E.**	**C.R**	**P Label**
Export market share <--- Financial_export_performance	0.955			
Export profitability <--- Financial_export_performance	0.932	0.090	10.503	***
Export sales growth <--- Financial_export_performance	0.781	0.128	7.147	***
Satisfaction with export performance <--- Non_financial_export_performance	0.911			
Satisfaction with export experience <--- Non_financial_export_performance	0.868	0.122	7.715	***
Achievement of strategic golas <--- Non_financial_export_performance	0.853	0.118	7.518	***

***$\rho<0.001$

Additionally, CFA results for the items, corresponding to measure financial and non-financial export performance in psychically distant countries are graphically presented in Figure 4.

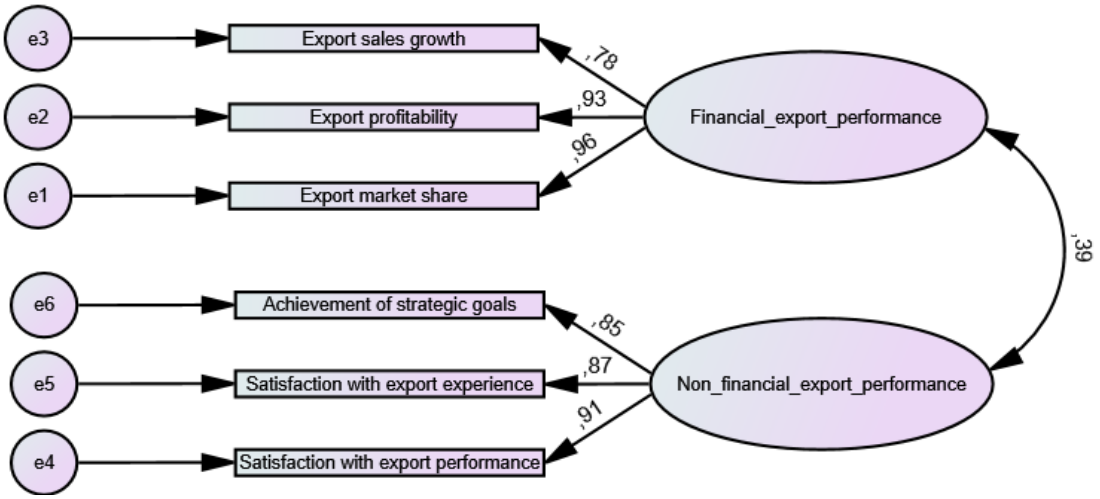

Fig. 4. A graphical representation of CFA results for export performance items in psychically distant countries

Results of EFA and CFA procedures confirmed that export performance was evaluated in terms of intended financial and non-financial items in psychically distant countries. Corresponding to this, the new latent variables were created, namely EP_FT_distant for financial export performance items and EP_NFT_distant for non-financial export performance items. Newly developed variables were included in the further research.

Further, all the procedures were performed for the items that captured export performance in psychically close countries and results are detailed in the next sections. Table 21 presents, that Spearman's rho test identified a positive and significant relationship between the items that were designed to measure financial and non-financial export performance in psychically close countries. A significant positive association was identified between Export sales growth item and Export profitability, $r_s(44) = 0.690$, $\rho < 0.01$ as well as between Export sales growth and Export market share items, $r_s(44) = 0.862$, $\rho < 0.01$. Moreover, strong positive association was determined between Export profitability item and Export market share items, $r_s(44) = 0.744$, $\rho < 0.01$. Further, a strong association was defined between Achievement of strategic goals indicator and Satisfaction with export experience indicator, $r_s(44) = 0.612$, $\rho < 0.01$, as well as between Achievement of strategic goals item and Satisfaction with export performance item, $r_s(44) = 0.642$, $\rho < 0.01$. A very strong positive association was identified between Satisfaction with export experience and Satisfaction with export performance indicators, $r_s(44) = 0.943$, $\rho < 0.01$

Table 21. Spearman's rho test results for export performance items in psychically close countries

Spearman's correlation coefficients	**1**	**2**	**3**	**4**	**5**	**6**
1. Export sales growth	1					
2. Export profitability	0.690**	1				
3. Export market share	0.862**	0.744**	1			
4. Achievement of strategic goals	0.500**	0.357*	0.447**	1		
5. Satisfaction with export experience	0.546**	0.397**	0.478**	0.612**	1	
6. Satisfaction with export performance	0.495**	0.420**	0.436**	0.642**	0.943**	1

**ρ<0.01, (2-tailed). N=44

EFA results in Table 22 show, that two factors with three items, representing export performance, were extracted with Eigenvalue greater than 1, after employing principal components method (Method 1) and principal axis factoring (Method 2) with selection of KMO and Bartlett's test and varimax rotation and explained more than 85 % of variance. Moreover, differently from EFA results in psychically distant countries, Factor 1 extracted three items that captured non-financial export performance, referring to Satisfaction with export performance, Achievement of strategic goals and satisfaction with export experience with loadings above 0.794 and explained 64.297% of the variance. Factor 2 extracted three items that measured financial export performance with loadings above 0.867 and these items explained less variance of 20.776%. Cronbach's values were above 0.900, presenting very good internal consistency of the scales.

Table 22. EFA results for export performance items in psychically close countries

		Method 1*			Method 2**			
Results	**Dimensions and items**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Factor loadings**	**Eigenvalues**	**Variance explained, %**	**Cronbach's alpha**
	Non-financial export performance		3.858	64.297		3.858	64.297	0.909
	Satisfaction with export performance	0.940			0.922			
Factor 1	Achievement of strategic goals	0.794			0.723			
	Satisfaction with export experience	0.923			0.917			
	Financial export performance		1.247	20.776		1.247	20.776	0.911
	Export market sahre	0.920			0.812			
Factor 2	Export profitability	0.867			0.618			
	Export sales growth	0.877			0.795			

*principal components, **principal axis factoring

CFA results confirmed that the set of items were related to underlying factors with standardized loadings from 0.700 to 0.985 on the intended financial and non-financial export performance and these results confirm EFA outcomes. CFA model fit analysis presented the significant χ^2 (14, N=44) =11.242, $\rho < 0.05$ and acceptable model fit with the following indices: CFI = 0.986; GFI = 0.928; TLI = 0.974; RMSEA = 0.097, $\rho > 0.05$. Additionally, Table 23 shows, that critical ratios of the items, representing export performance, were significant, C.R. > 1.96 = $\rho < 0.05$, referring to covariance with intended factors.

Table 23. CFA results for export performance items in psychically distant countries

Items <--- Dimensions	**Loadings**	**S.E.**	**C.R**	**P Label**
Export market share <--- Financial_export_performance	0.962			
Export profitability <--- Financial_export_performance	0.781	0.114	7.126	***
Export sales growth <--- Financial_export_performance	0.910	0.105	9.891	***
Satisfaction with export performance <--- Non_financial_export_performance	0.985			
Satisfaction with export experience <--- Non_financial_export_performance	0.963	0.063	14.945	***
Achievement of strategic golas <--- Non_financial_export_performance	0.700	0.107	6.150	***

***$\rho<0.001$

Finally, CFA outcomes for the items, corresponding to measure financial and non-financial export performance in psychically close countries are graphically represented in Figure 5.

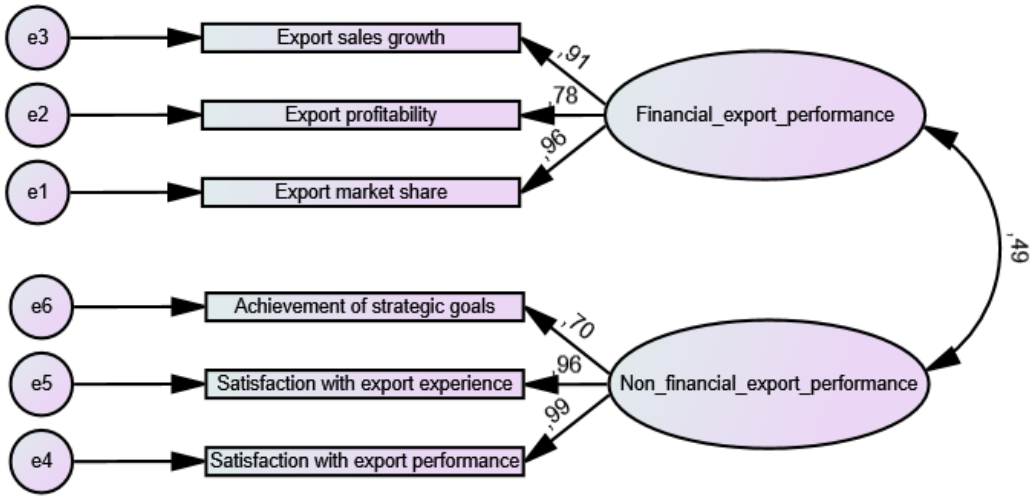

Fig. 5. A graphical representation of CFA results for export performance items in psychically close countries

Results of EFA and CFA procedures confirmed that export performance was evaluated in terms of intended financial and non-financial export performance items in psychically close countries. Corresponding to this, computing functions were employed, and new latent variables were created, namely EP_FT_close for financial export performance items and EP_NFT_close for non-financial export performance items. Newly developed variables were included in the further investigations.

The correlations and descriptive statistics. Evaluating that new psychic distance and export performance variables were created, corresponding to psychically distant and psychically close countries, the descriptive statistics and correlations were performed between newly developed variables and all export performance indicators. The correlation results for the items in psychically distant countries are presented in Table 23 and for the items in psychically close countries are showed in Table 24 and more detailed in the next sections.

Table 24 shows that Psychic_distanceTD has a significant and positive association with Export sales growth, r_s (44) = 0.345, $\rho < 0.05$, indicating that export operations in psychically distant countries generate higher sales growth than export activities in psychically close countries. Moreover, this result corresponds to "psychic distance paradox". Surprisingly, but no significant association were identified between Psychic_distanceTD and EP_FT_distant and EP_NFT_distant variables as well as with the rest export performance items ($\rho > 0.05$). The low effect results could be impacted by small sample size of N=44. Meanwhile, the relationships are positive with the following indicators: EP_FT_distant, indicating that financial export performance results are better in psychically distant countries than in psychically close countries; Export profitability, referring to the higher profit of export operations in distant countries than in close markets; Satisfaction with export experience, referring that managers are more satisfied while performing business operations in distant markets. However, very low correlation effect size was identified between Psychis_distanceTD and EP_NFT_distant, Export market share, Achievement of strategic goals, Satisfaction with export performance, referring to no association between these items.

Table 24. Descriptive statistics and correlations for the items in psychically distant countries

Spearman's correlation coefficients	1	2	3	4	5	6	7	8	9	SD	Mean
1. Psychic_distanceTD	1									0.768	3.582
2. EP_FT_distant	0.241	1								0.872	3.462
3. EP_NFT_distant	0.040	0.218	1							0.878	3.272
4. Export sales growth	0.345*	0.877**	0.210	1						1.025	3.800
5. Export profitability	0.174	0.875**	0.246	0.607**	1					0.888	3.340
6. Export market share	0.064	0.889**	0.215	0.675**	0.831**	1				0.918	3.250
7. Achievement of strategic goals	0.088	0.149	0.881**	0.193	0.131	0.146	1			0.924	3.270
8.Satisfaction with export experience	0.137	0.307*	0.887**	0.249	0.398**	0.265	0.674**	1		0.963	3.340
9. Satisfaction with export performance	-0.068	0.175	0.942**	0.150	0.226	0.202	0.764**	0.802**	1	0.978	3.200

**ρ<0.01, *ρ<0.05 (2-tailed). N=44

Table 25 presents that no significant correlations were identified between Psychic_distanceTC and EP_FT_close, EP_NFT_close and the rest of export performance items (ρ > 0.05). Meanwhile, positive correlation coefficients were identified with EP_FT_close, Export sales growth, Export profitability, indicating that positive results of export operations could be expected in close countries with the increase in sample size. Moreover, very low effect size was determined between Psychic_distanceTC and the rest of export performance items, referring to no association between these items.

Table 25. Descriptive statistics and correlations for items in psychically close countries

Spearman's correlation coefficients	1	2	3	4	5	6	7	8	9	SD	Mean
1. Psychic_distanceTC	1									0.902	2.318
2. EP_FT_close	0.176	1								0.829	3.606
3. EP_NFT_close	-0.039	0.569**	1							0.741	3.689
4. Export sales growth	0.227	0.937**	0.589**	1						0.954	3.80
5. Export profitability	0.180	0.869**	0.428**	0.690**	1					0.873	3.43
6. Export market share	0.065	0.939**	0.506**	0.862**	0.744**	1				0.871	3.59
7. Achievement of strategic goals	-0.135	0.481**	0.810**	0.500**	0.357*	0.447**	1			0.774	3.77
8.Satisfaction with export experience	-0.008	0.525**	0.939**	0.546**	0.397**	0.478**	0.612**	1		0.805	3.66
9. Satisfaction with export performance	-0.022	0.499**	0.943**	0.495**	0.420**	0.436**	0.642**	0.943**	1	0.838	3.64

**ρ<0.01, *ρ<0.05 (2-tailed). N=44

Regression analysis of the direct psychic distance impact on export performance. Prior performing moderation analysis, the direct impact of newly developed psychic distance variables on newly created financial, non-financial export performance variables and all export performance indicators were assessed in distant and later in close countries by employing simple linear regression and the results are presented below.

Table 26 presents, that in distant countries psychic distance (Psychic_distanceTD) has no significant impact neither on newly extracted financial export performance, ($F(1,42) = 3.345$, $\rho > 0.05$) with an R^2 value of 0.074, nor non-financial export performance, ($F(1,42) = 1.476$, $\rho > 0.05$) with an R^2 of 0.034. The results of non-significant impact could be affected by small sample size, N=44. It is expected that with an increase in sample size the impact could be significant. Meanwhile, evaluating psychic distance impact on financial export performance (EP_FT_distant), ρ value is not very far from significant impact; moreover, it is positive value, indicating that in distant countries psychic distance could impact financial export performance positively.

Table 26. Regression results for financial and non-financial export performance in distant countries

Dependent variable: EP_FT_distant (financial export performance)				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.357 [1.111, 3.604]	0.618	3.818	0.000
Psychic_distanceTD	0.308 [-0.032, 0.649]	0.169	1.829	0.075
Dependent variable: EP_NFT_distant (non-financial export performance)				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.518 [1.237, 3.800]	0.635	3.965	0.000
Psychic_distanceTD	0.211 [-0.139, 0.561]	0.173	1.215	0.231

Model notes: R^2 = 0.074 (EP_FT_distant), R^2 = 0.034 (EP_NFT_distant), *ρ<0.05, N=44, CI=confidence interval for β.

Additionally, based on the identified results above, linear regression was performed to inspect the psychic distance (Psychic_distanceTD) direct impact on all financial export performance indicators, referring to Export sales growth, Export profitability, Export market share, and non-financial export performance variables, namely Achievement of strategic goals, Satisfaction with export experience, Satisfaction with export performance in distant countries and the regression results are presented in the next sections.

Psychic distance impact on Export sales growth. Table 27 shows, that in distant countries psychic distance significantly impacts Export sales growth, β = 0.463, t (42) = 2.397, ρ < 0.05 and details a significant proportion of variance, referring to R^2 =0.120, F (1,42) = 5,744, ρ < 0.05. Moreover, the significant effect is positive, referring that firms generate higher sales growth of export activities in distant countries than in close countries. This outcome can be related to the lower level of competition in distant markets in comparison to close markets as well as a higher level of managers preparation for performing export activities in culturally, geographically, economically, administratively, etc. different markets, such achieving better results of sales growth in distant countries than in close markets. Moreover, this outcome is in consistent with O' Grady and Lane (1996) and Magnusson et al. (2014) conclusions, referring to "psychic distance paradox" - export activities in psychically distant markets generate superior export performance.

Table 27. Regression results for Export sales growth in distant countries

Dependent variable: export sales growth				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.138 [0.711, 3.565]	0.707	3.023	0.004
Psychic_distanceTD	0.463 [0.073, 0.852]	0.193	2.397	0.021*

Model notes: R^2 = 0.120, *ρ<0.05, N=44, CI=confidence interval for β.

Psychic distance impact on Export profitability. Table 28 presents, that in distant countries psychic distance has no significant impact on Export profitability, (F (1,42) = 2,549, ρ > 0.05), with an R^2 value of 0.057, referring that amount of profit from export operations is not impacted by psychic distance.

Table 28. Regression results for Export profitability in distant countries

Dependent variable: export profitability				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.351 [1.071, 3.630]	0.634	3.707	0.001
Psychic_distanceTD	0.276 [-0.073, 0.626]	0.173	1.597	0.118

Model notes: R^2 = 0.057, *ρ<0.05, N=44, CI=confidence interval for β.

Psychic distance impact on Export market share. Table 29 presents, that in distant countries psychic distance has no significant impact on Export market share, (F (1,42) = 1.042, ρ > 0.05), with an R^2 value of 0.024, indicating that firms can gain export market shares in both psychically close and psychically distant countries.

Table 29. Regression results for Export market share in distant countries

Dependent variable: export market share				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.584 [1.237, 3.930]	0.667	3.873	0.000
Psychic_distanceTD	0.186 [-0.182, 0.554]	0.182	1.021	0.313

Model notes: R^2 = 0.024, *ρ<0.05, N=44, CI=confidence interval for β.

Psychic distance impact on Achievement of strategic goals. Table 30 presents, that in distant countries psychic distance has no significant impact on Achievement of strategic goals, (F (1,42) = 1.845, ρ > 0.05), with an R^2 value of 0.042, referring that firms can achieve strategic goals in both psychically close and psychically distant countries.

Table 30. Regression results for Achievement for strategic goals in distant countries

Dependent variable: achievment of strategic goals				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.389 [1.046, 3.731]	0.665	3.590	0.001
Psychic_distanceTD	0.247 [-0.120, 0.613]	0.182	1.358	0.182

Model notes: R^2 = 0.042, *ρ<0.05, N=44, CI=confidence interval for β.

Psychic distance impact on Satisfaction with export experience. Table 31 presents, that in distant countries psychic distance has no significant impact on Satisfaction with export experience, (F (1,42) = 0.064, ρ > 0.05), with an R^2 value of 0.072. Meanwhile, ρ-value is not far from significant level and is positive, referring that managers' Satisfaction with export experience in distant countries is greater than in close countries. This outcome is expected with an increase in sample size. Moreover, higher satisfaction with export experience in distant countries could be explained in terms of managers new and interesting experience while working with countries that are culturally, economically, administratively, and geographically different in comparison to the close countries, that are usually perceived as very similar to home countries.

Table 31. Regression results for Satisfaction with export experience

Dependent variable: satisfaction with export experience				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	2.139 [0.761, 3.516]	0.683	3.133	0.003
Psychic_distanceTD	0.336 [-0.041, 0.712]	0.186	1.800	0.079

Model notes: R^2 = 0.072, *ρ<0.05, N=44, CI=confidence interval for β.

Psychic distance impact on Satisfaction with export performance. Table 32 presents, that in distant countries psychic distance has no significant impact on Satisfaction with export performance, (F (1,42) = 3.241, ρ > 0.05) with an R^2 value of 0.002, referring that managers satisfaction is not impacted by psychic distance.

Table 32. Regression results for Satisfaction with export performance

Dependent variable: satisfaction with export performance				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.027 [1.576, 4.478]	0.719	4.209	0.000
Psychic_distanceTD	0.050 [-0.347, 0.446]	0.196	0.253	0.802

Model notes: R^2 = 0.002, *ρ<0.05, N=44, CI=confidence interval for β.

Table 33 presents, that in close countries psychic distance (Psychis_distanceTC) does not significantly impact neither newly extracted financial export performance, (F (1,42) = 0.876, ρ > 0.05) with an R^2 value of 0.020, nor non-financial export performance, (F (1,42) = 0.030, ρ > 0.05) with an R^2 of 0.001. Moreover, ρ-value is far from significant level, referring the importance to include other or additional items in the study. Moreover, the non-significant effect can be explained in terms of managers perception about psychic distance, referring that they do not see the differences between home country and close export countries while evaluating export performance results.

Table 33. Regression results for financial and non-financial export performance in close countries

Dependent variable: EP_FT_close (financial export performance)				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.301 [2.596, 4.006]	0.349	9.455	0.000
Psychic_distanceTC	0.132 [-0.152, 0.415]	0.141	0.936	0.355
Dependent variable: EP_NFT_close (non-financial export performance)				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.639 [3.003, 4.275]	0.315	11.548	0.000
Psychic_distanceTC	0.022 [-0.234, 0.278]	0.127	0.173	0.864

Model notes: R^2 = 0.020 (EP_FT_close), R^2 = 0.001 (EP_NFT_close), *ρ<0.05, N=44, CI=confidence interval for β

Additionally, linear regression was performed to inspect the psychic distance (Psychic_distanceTC) impact on all financial and non-financial export performance indicators, corresponding to psychically close countries. However, it was identified that psychic distance has no significant impact on Export sales growth, (F (1,42) = 1.612, ρ > 0.05) with an R^2 value of 0.037; Export profitability, (F (1,42) = 0.967, ρ > 0.05) with an R^2 value of 0.023; Export market share, (F (1,42) = 0.095, ρ > 0.05), with an R^2 value of 0.002; Achievement of strategic goals, (F (1,42) = 0.253, ρ > 0.05) with an R^2 value of 0.006; Satisfaction with export experience, (F (1,42) = 0.304, ρ > 0.05), with an R^2 value of 0.007; Satisfaction with export performance, (F (1,42) = 0.154, ρ > 0.05), with an R^2 value of 0.004. The results are presented in Appendix 3.

Moderation analysis. Evaluating, that the research aim is to identify whether a moderator variable, namely, firm's international experience, does a function on the link between psychic distance and export performance and to investigate under which circumstances the moderator effect is significant, the moderation analysis were conducted. Firstly, interaction effects were tested in psychically distant countries and later, in psychically close countries. Therefore, the interaction effects that were identified as statistically significant are detailed in the next sections.

Table 34 presents, that in psychically distant countries International experience (scope) is a significant moderator on the link between Psychic_distanceTD and EP_NFT_distant, referring to the Model 4, (β= -0.4098, 95% CI [-0.69241, -0.1272], *t*= -2.9311, ρ = 0.0056).

Table 34. Moderation analysis results of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and EP_NFT_distant

Predictor	**Moderator Model 4. Dependent variable: EP_NFT_distant**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-1.5352[-4.5982, 1.5279]	1.5155	-1.0129	0.3172
Psychic_distanceTD	1.3375 [0.4917, 2.1833]	0.4185	3.1960	0.0027
International experience (scope)	1.4870 [0.4482, 2.5258]	0.5140	2.8931	**0.0061****
Psychic_distanceTD x International experience (scope)	-0.4098 [-0.6924, -0.1272]	0.1398	-2.9311	**0.0056****

Model notes: R^2 = 0.2052, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β

Additionally, simple slops were employed to identify the nature of interaction between Psychic_distanceTD and EP_NFT_distant at the three levels of firm's International experience (scope), referring to the low, mean and high, and the results are graphically presented in Figure 6, indicating: 1) when firm's international experience (scope) is low, the relationship between Psychic_distanceTD and EP_NFT_distant is positive and significant (β = 0.5112, [0.1215, 0.9008], *t* = 2.6514, ρ = 0.0114), referring that **H1** is not supported; 2) when firm's international experience (scope) is at a mean level, no significant relationship between Psychic_distanceTD and EP_NFT_distant is defined (β = 0.0709, [-0.2707, 0.4125], *t* = 0.4194, ρ = 0.4881); 3) when firm's international experience (scope) is at a high level, no positive significant relationship exists between Psychic_distanceTD and EP_NFT_distant (β = -0.3694, [-0.8851, 0.1463], *t* = -1.4477, ρ = 0.1555), indicating that **H2** is not supported.

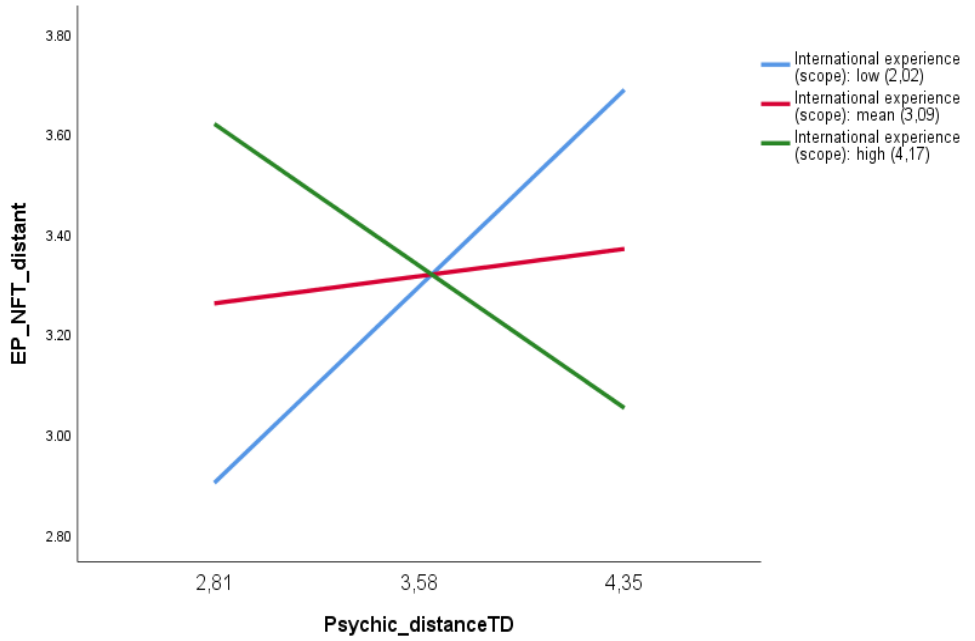

Fig. 6. A graphical representation of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and EP_NFT_distant

Table 35 shows, that in psychically distant countries moderator variable, namely international experience (scope), have made an interaction effect statistically significant on the link between

psychic distance (Psychic_distanceTD) and Achievement of strategic goals, referring to Model 12, (β = -0.4010, 95% CI [-0.7001, -0.1019], *t*= -2.7093, ρ = 0.0099).

Table 35. Moderation analysis results of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Achievement of strategic goals

Predictors	**Moderator Model 12. Dependent variable: Achievement of strategic goals**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-1.3698 [-4.6126, 1.8729]	1.6044	-0.8538	0.3983
Psychic_distanceTD	1.3647 [0.4693, 2.2601]	0.4430	3.0803	0.0037
International experience (scope)	1.3703 [0.2705, 2.4700]	0.5441	2.5182	**0.0159***
Psychic_distanceTD x International experience (scope)	-0.4010 [-0.7001, -0.1019]	0.1480	-2.7093	**0.0099****

Model notes: R^2 = 0.1955, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β

Simple slopes results are defined in Figure 7, presenting that: 1) when firm's international experience (scope) is low, the relationship between Psychic_distanceTD and Achievement of strategic goals is positive and significant (β = 0.5561, [0.1436, 0.9686], *t* = 2.7244, ρ = 0.0099), referring that **H1** is not supported; 2) when firm's international experience (scope) is at a mean level, no significant relationship between Psychic_distanceTD and Achievement of strategic goals is defined (β = 0.1252, [-0.2364, 0.4869], *t* = 0.6988, ρ = 0.4881); 3) when firm's international experience (scope) is at a high level no positive significant relationship exists between Psychic_distanceTD and Achievement of strategic goals (β = -0.3056, [-0.8515, 0.2403], *t* = -1.1314, ρ = 0.2646), indicating that **H2** is not supported.

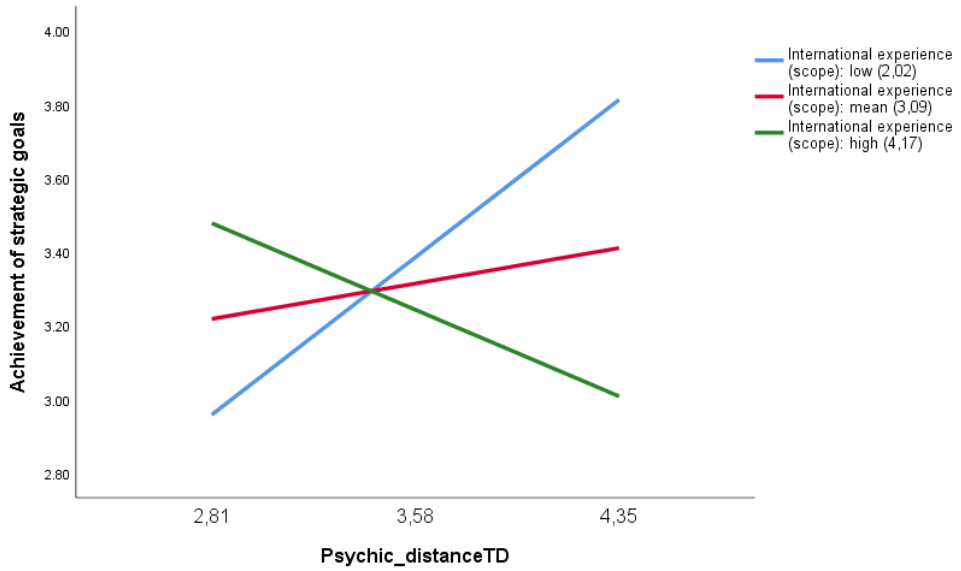

Fig. 7. A graphical representation of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Achievement of startegic goals

Table 36 presents statistically significant interaction between Psychic_distanceTD and Satisfaction with export experience, (β= -0.4011, 95% CI [-0.7100, -0.0922], *t*= -2.6241, ρ = 0.0122), confirming that International experience (scope) is a significant moderator on the relationship between Psychic_disanceTD and Satisfaction with export experience.

Table 36. Moderation analysis results of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Satisfaction with export experience

Predictors	**Moderator Model 14. Dependent variable: Satisfaction with export experience**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-1.8877 [-5.2365, 1.4612]	1.6569	-1.1393	0.2614
Psychic_distanceTD	1.4343 [0.5095, 2.3589]	0.4575	3.1346	0.0032
International experience (scope)	1.4796 [0.3439, 2.6154]	0.5619	2.6331	**0.0120***
Psychic_distanceTD x International experience (scope)	-0.4011 [-0.7100, -0.0922]	0.1529	-2.6241	**0.0122***

Model notes: R^2 = 0.2099, *ρ<0.05, N=44, CI=confidence interval for β

Analysis of simple slopes in Figure 8 presents the following: 1) when firm's international experience (scope) is low there is a significant positive relationship between Psychic_distanceTD and Satisfaction with export experience (β= 0.6254, 95% CI [0.1994, 1.0514], *t*= -2.9670, ρ = 0.0051), following that **H1** is not supported; 2) when firm's international experience (scope) is at a mean level, no significant relationship between Psychic_distanceTD and Satisfaction with export experience (β = 0.1944, [-0.1791, 0.5679], *t* = 1.0522, ρ = 0.2990); 3) when firm's international experience (scope) is high, the relationship is negative, however not significant (β = -0.2365, [-0.80031, 0.3273], *t* = -0.8478, ρ = 0.4016), referring that **H2** is not supported.

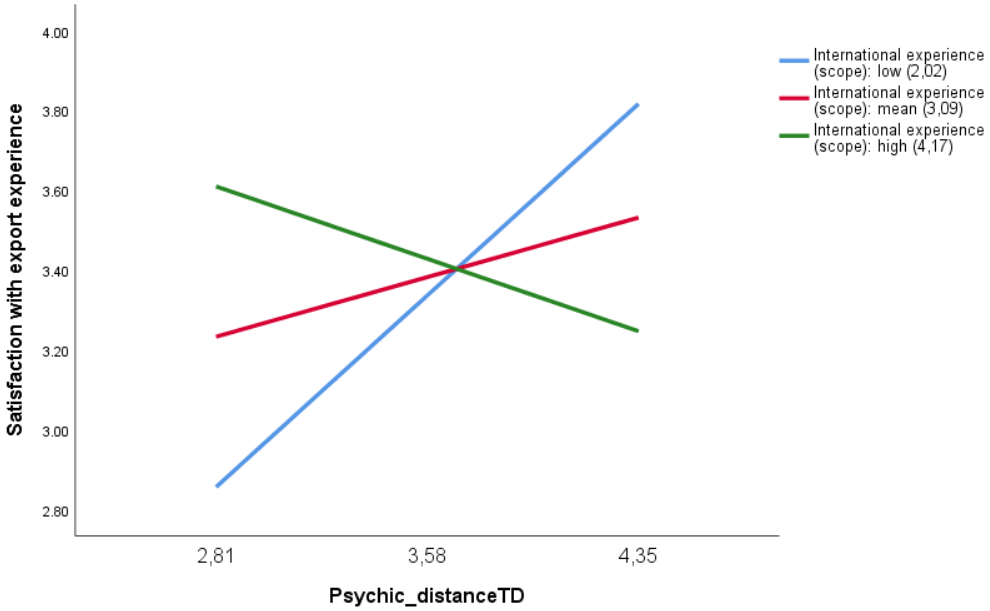

Fig. 8. A graphical representation of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Satisfaction eith export experience

Table 37 shows, that International experience (scope) plays a moderator role on the link between Psychic_distanceTD and Satisfaction with export performance and made interaction effect statistically significant, referring to Model 16, (β= -0.4273, 95% CI [-0.7511, -0.1035], *t*= -2.6669, ρ = 0.0110).

Table 37. Moderation analysis results of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Satisfaction with export performance

Predictors	**Moderator Model 16. Dependent variable: Satisfaction with export performance**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-1.3480 [-4.8580, 2.1620]	1.7367	-0.7762	0.4422
Psychic_distanceTD	1.2137 [0.2444, 2.1829]	0.4796	2.5308	0.0154
International experience (scope)	1.6112 [0.4208, 2.8016]	0.5890	2.7355	**0.0092****
Psychic_distanceTD x International experience (scope)	-0.4273 [-0.7511, -0.1035]	0.1602	-2.6669	**0.0110***

Model notes: R^2 = 0.1589, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β

Figure 9 details the nature of interaction effects, corresponding to: 1) when firm's international experience (scope) is low there is a positive, however, not statistically significant relationship between Psychic_distanceTD and Satisfaction with export performance (β= 0.3521, 95% CI [-0.0944, 0.7986], *t*= 1.5936, ρ = 0.0051), following that **H1** is not supported; 2) when firm's international experience (scope) is at the mean level, no significant relationship between Psychic_distanceTD and Satisfaction with export performance (β = -0.1070, [-0.4985, 0.2845], *t* = -0.5523, ρ = 0.5838); 3) when firm's international experience (scope) is a high, there is a significant negative interaction between Psychic_distanceTD and Satisfaction with export performance (β = -0.5660, [-1.1570, -0.0249], *t* = -1.9360, ρ = 0.0500), referring that **H2** is not supported.

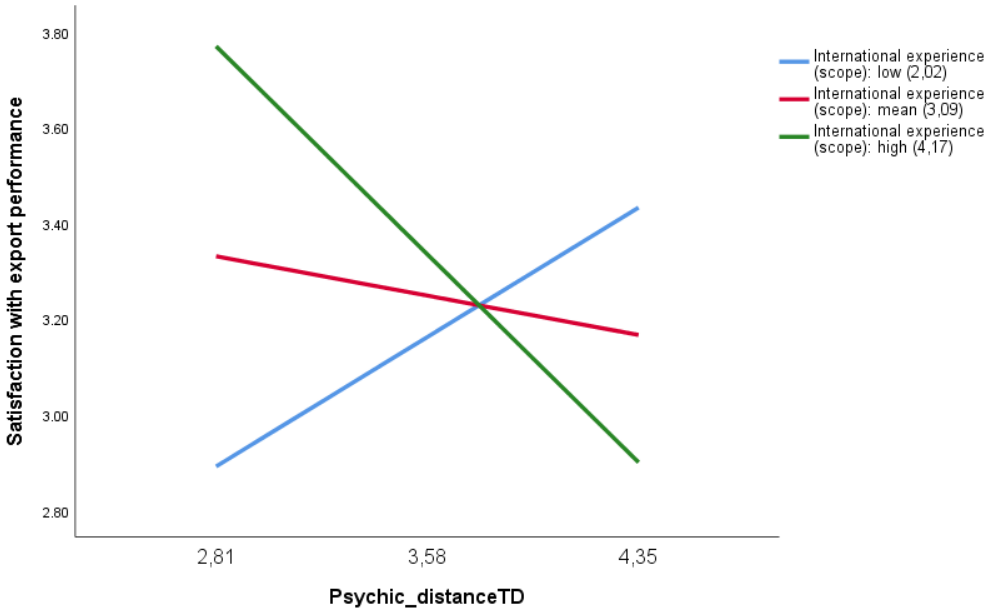

Fig. 9. A graphical representation of firm's International experience (scope) moderating effect on the link between Psychic_distanceTD and Satisfaction eith export performance

Therefore, moderation analysis results (see Appendix 4) presented that in distant countries firm's international experience (length) was not a significant moderator on the links between Psychic_distanceTD and EP_FT_distant (extracted financial export performance), referring to Model 1 (β= 0.1964, 95% CI [-0.2628, 0.6555], *t*= 0.8645, ρ = 0.3925); Psychic_distanceTD and EP_NFT_distant, representing non-financial export performance, referring to Model 3 (β= -0.1914, 95% CI [-0.6541, 0.2712], *t*= -0.8363, ρ = 0.4080); Psychic_distanceTD and Export sales growth, indicating Model 5 (β= 0.1622, 95% CI [-0.3651, 0.6896], *t*=0.6218, ρ= 0.5376); Psychic_distanceTD

and Export profitability, referring to Model 7 (β= 0.2002, 95% CI [0.8549, 0.3977], *t* = 0.8549, ρ = 0.3977); Psychic_distanceTD and Export market share, representing Model 9 (β = 0.2267, 95% CI [-0.2685, 0.7219], *t*= 0.9251, ρ = 0.3605); Psychic_distanceTD and Achievemnet of strategic goals, indicating Model 11 (β= -0.1515, 95% CI [-0.6636, 0.5108], *t*= -0.6636, ρ= 0.5108); Psychic_distanceTD and Satisfaction with export experience, referring to Model 13 (β= -0.2417, 95% CI [-0.7486, 0.2652], *t*= -0.9638, ρ = 0.3409); Psychic_distanceTD and Satisfaction with export performance, presenting Model 15 (β= -0.1811, 95% CI [-0.7144, 0.3521], *t*= -0.6865, ρ = 0.4963). Moreover, it was identified that international experience (scope) was not a significant moderator on the links between Psychic_distanceTD and EP_FT_distant, indicating Model 2 (β= -0.1578, 95% CI [-0.4541, 0.1386], *t*= -1.0760, ρ = 0.2884); Psychic_distanceTD and Export sales growth, referring to Model 6 (β= -0.2488, 95% CI [-0.5851, 0.0876], *t*= -1.4948, ρ = 0.1428); Psychic_distanceTD and Export profitability, indicating Model 8 (β= -0.1225, 95% CI [-0.4282, 0.1831], *t*= -0.8101, ρ = 0.4227); Psychic_distanceTD and Export market share, presenting Model 10 (β= -0.1020, 95% CI [-0.6382, 0.5270], *t*= -0.6382, ρ = 0.5270).

Finally, moderation analyses were performed to test whether firm's international experience impact interactions between psychic distance and export performance indicators in psychically close countries. However, nor firm's international experience (scope), nor international experience (length) were a significant moderator on the link between Psychic_distanceTC and export performance indicators, corresponding that firm's international experience fails to play a moderator role on the link between psychic distance and export performance in psychically close countries. The moderation analysis results are presented in Appendix V. Moreover, the results of empirical investigations are summarized in Table 38.

Table 38. The empirical research results

Hypothesis description	**Research results**
H1: Psychic distance impacts export performance negatively under low firm's international experience conditions.	Rejected
H 2: Psychic distance impacts export performance positively under high firm's international experience conditions.	Rejected

Table 38 presents that proposed research hypotheses were not supported, thus specifying to provide discussion. Moreover, the results of empirical investigation allow to propose recommendations and directions for future investigations, that are detailed in the next sections.

4.2. Discussion, the reasons for research limitations, directions for the future investigations and recommendations

Discussion. Firstly, in agreement with Sousa and Bradley (2006) studies, this empirical research introduced that psychic distance is individuals' perceived differences between home country and foreign country in Lithuania and industry specific context. Since, CAGE analysis presented that some countries, namely South Africa and United States of America, were evaluated as psychically close and psychically distant by different respondents. This outcome can be explained in terms of managers gained high level of international experience in distant countries, thus decreasing perceived differences between home and distant countries as well as reducing ambiguity and complexity. Moreover, this research identified that distant export countries have been evaluated in terms of cultural, administrative, geographic and economic differences to home country (Lithuania);

meanwhile close countries were perceived as home country (Lithuania) without distinction cultural, administrative, geographic and economic differences between them, corresponding that no any significant interactions between psychic distance and export performance were detected in psychically close countries. This outcome can be explained that managers fail to see the differences between Lithuania and other close countries and evaluate export outcomes like the results gained from business operations in Lithuania.

Secondly, this research introduced that psychic distance impacts export performance (export sales growth and satisfaction with export experience) positively in industry specific and Lithuanian context. This result allows to conclude that psychic distance has a positive impact on Lithuanian firms' export performance, that operate in food industry. This conclusion is consistent with O' Grady and Lane (1996) and Evans et al., (2002) empirical studies, that identified positive relationship between psychic distance and export performance and defined it as "psychic distance paradox". Moreover, a positive relationship between psychic distance and export sales growth can be explained that managers perceive distant countries in terms of cultural, administrative, geographic and economic differences, thus motivating them to prepare a comprehensive analysis about foreign country's market, customer, etc., resulting higher sales volume in distant countries than in close countries, where managers fail to invest time in preparation for business operations. Additionally, higher sales in distant countries can be affected by lower competition, stronger consumption power and higher price level. However, this research results differ from Virvilaitė and Šeinauskienė (2015) outcomes, that presented negative relationship between psychic distance and export sales growth in Lithuania and all industries context, referring that industry context matter in Lithuanian. Thereafter, this research identified a positive relationship between psychic distance and satisfaction with export experience, that can be determined in terms of managers satisfaction to perform business activities with partners from countries that are culturally, geographically, economically and administratively different from Lithuania, thus gaining interesting and new experience. However, the research fails to detect the significant relationships between psychic distance and export profitability, export market share, achievement of strategic goals, satisfaction with export performance, that were detected in Virvilaitė and Šeinauskienė (2015) studies, that can be explained by managers unwillingness to provide financial data.

Finally, in agreement with Virvilaitė and Šeinauskienė (2015) studies, this research confirmed that as proposed in the theoretical model, firm's international experience (scope) plays a moderator role on the link between psychic distance and export performance (achievement of strategic goals, satisfaction with export experience and satisfaction with export performance) in Lithuanian and industry specific context. Surprisingly, but moderator function on the link between psychic distance and export performance have introduced different results to the proposed hypotheses and effected some interactions directions. Accordingly, the research identified that psychic distance has a positive relationship with achievement of strategic goals under low firm's international experience (scope) conditions, thus rejecting H1. This outcome reflects that firms achieve strategic goals easier in distant countries when firm has lower number of export countries. Moreover, it is expected that managers considered total number of export countries they are working with rather than total number of countries firm is exporting, referring that achievement of strategic goals in several export countries is easier in comparison to a huge number of export countries. Thereafter, the study concluded that psychic distance positively interacts with satisfaction with export experience under low firm's international experience (scope) circumstances, thus failing to confirm H1. This result can be explained that managers are more satisfied working with a smaller number of export countries, having

a possibility to pay more attention and efforts to the customers, thus generating better results of export activities. Finally, the research investigated that psychic distance negatively impacts satisfaction with export performance under high level of firm's international experience (scope) conditions, thus failing to confirm H2. The results can be explained that managers are not satisfied with export performance, by working with a high number of export countries, referring to a lack of time to manage high number of export countries, thus generating poor export performance results. Moreover, this result can be explained that managers perceive differences between Lithuania and distant export country in terms of high degree of cultural, administrative, economic and geographic distances, referring to difficulties in performing export activities in a high number of export countries, thus negatively affect export performance. To summarize, in Lithuanian and food industry context, the empirical investigation results of the psychic distance impact on export performance in terms of firm's international experience role were in a line with Virvilaitė and Šeinauskienė (2015) outcomes, that also identified a negative association between psychic distance and export performance under conditions of medium and high firm's international experience, that was captured by scope and length dimensions, in Lithuanian and all industry context, indicating that industry specific context is not effecting the results of psychic distance impact on export performance in terms of firm's international experience role in Lithuania context. Moreover, these results allow to conclude that degree of firm's international experience has an opposite effect on the link between psychic distance and export performance and fail to confirm repeatedly tested hypotheses in this research, thus confirming consistency with Virvilaitė and Šeinauskienė (2015) outcomes.

Surprisingly, but this research failed to detect a moderator role of firm's international experience (length), on the link between psychic distance and export performance, referring that in Lithuanian and industry specific context, number of years firm is exporting do not have moderator function on the link between psychic distance and export performance. Moreover, firm's international experience (scope) failed to play the role on the link between psychic distance and financial export performance (export sales growth, export profitability and export market share), indicating the importance of non-financial indicators evaluation in Lithuanian context. Finally, the moderator function has weakened the relationship strength between psychic distance and export sales growth, thus making insignificant.

Recommendations. This empirical investigation allows to propose some recommendations for exporting firms, that are presented in the next sections.

Psychic distance. The research results presented that psychic distance is individuals' perceived differences in terms of cultural, economic, geographic and administrative distances, reflecting importance for exporting firms to understand and reduce these differences, thus generating positive results of export performance in distant countries. Thus, can be achieved in several ways, by crafting export strategies in terms of consideration of cultural, administrative, geographic and economic differences between countries; training employees in terms of professional courses or participation in the conferences, thus gaining knowledges about particular directions for performing business activities in distant markets; preparing sales procedure for performing activities in distant export countries, thus helping managers to reduce difficulties and constraints in operating activities in distant markets; employing export managers that have experience in performing business activities in distant countries; hiring employees from distant markets, those can be find in Lithuanian universities or LinkedIn professional network.

A positive psychic distance impact on export performance (export sales growth) presented existence of "psychic distance paradox" in Lithuanian and food industry context. Corresponding to this, it is recommended for firms to search export business opportunities not only in close markets, that usually require less effort and resources in terms of market and customers analysis, but also in distant markets, where competition is smaller and purchase power is higher, thus generating better results of export performance. Although, distant markets require extra efforts in analysis, this allow to accumulate knowledges from various distant countries, thus easier matching customer requirements in terms of products quality and package, preparing acceptable price offer, ensuring competent communication for the further international business projects, finally increasing the positive outcomes of export performance. Positive psychic distance impact on export performance (satisfaction with export experience) presented, that export managers are more satisfied in work experience while working with culturally, geographically, economically and administratively different countries, referring to the recommendation for head of exports and sales to allocate export markets for export managers in terms of including some distant markets, thus gaining higher satisfaction with export experience and better results for firms. For gaining export operations in distant markets, it is proposed to participate in international exhibitions, search potential business partners in LinkedIn, establishing connections with other firms' export managers, thus exchanging some international contacts.

This research presented that psychic distance positively impact achievement of strategic goals and satisfaction with export experience under low firm's international experience (scope) conditions; psychic distance negatively impact satisfaction with export performance under high of level of firm's international experience (scope) conditions. Corresponding to this, for Lithuanian exporting firms are recommended to reconsider number of distant countries the export managers are working, as distant countries require additional efforts for market and customers analysis and these countries are culturally, geographically, administratively and economically different, thus increasing complexities and difficulties in performing export activities. Moreover, it is proposed for firms to ensure appropriate number of distant export markets for one export manager, because a high number of distant export countries reduce managers ability to achieve strategic goals; moreover, it reduces their satisfaction with export experience, thus negatively impact export performance. Additionally, it is recommended to allocate distant countries for managers by regions, referring that manager could work with similar countries from the region, thus reducing perceived differences. For the firms, that have a lot of export markets and low number of export managers it is recommended to implement business intelligent tools for saving managers time on data analysis.

Export performance. This study revealed that significant interactions were detected between psychic distance and non-financial export performance in terms of firm's international experience role (scope), referring to the recommendation for the firms to evaluate financial as well as non-financial export performance indicators, because both effect the results of firm's export performance. The studies presented that managers are considering about their satisfaction with export performance and experience, referring to the necessity for firm to ensure good work environment and conditions. Corresponding to this, it is recommended to perform internal analysis for identifying employees' expectations, willingness and possibilities, that can help to provide a good business environment for export managers, thus achieving superior export performance.

International experience. The study presented that small number of export countries lead to a better results of export performance, referring that high number of export countries fail to reach superior

export performance in Lithuanian and food industry context. Corresponding to this, it is recommended for firms to focus not on the number of export countries but to ensure good work conditions for managers to perform business in distant markets,thus achieving superior export performance.

Reasons of the research limitations. First limitation is defined in terms of capturing psychic distance on four dimensions, referring that including more dimensions the results of psychic distance impact on export performance in terms of firm's international experience could differ. Secondly, only firm's international experience role was assessed on the link between psychic distance and export performance; meanwhile, other items could affect the link significantly. Further, the limitation is based on the lack of identifying significant relationships between psychic distance and financial export performance in terms of firm's international experience role; between psychic distance and export performance in terms of international experience (length) role. Finally, conducting research in Lithuanian context fail to generalize results in other countries context.

Direction for future investigations. The results presented that for the future investigations, complexity of psychic distance construct should be captured in terms of more and/or different indicators among each psychic distance dimension, to detect other significant interactions with export performance. Additionally, it is proposed to perform objective psychic distance evaluation among each dimension and compare the results with individuals' subjective evaluation, for assessing whether the managers perception differ from objective evaluation on each dimension. Moreover, it is suggested to check the link between psychic distance and export performance in terms of international experience role by including additional determinants, referring to firm's size, food sub-sector, manger's international business experience, number of countries manger is working, thus expecting to identify different directions or stronger interactions. Thereafter, in the future studies it is proposed to evaluate psychic distance impact on export performance in terms of manager's international business experience, instead of general firm's international experience. Moreover, it is proposed to conduct the research for detecting appropriate number of export countries manager must work to ensure positive relationship between psychic distance and export performance. Finally, it is suggested to conduct the research in other countries context.

Conclusions and recommendations

1. International business and marketing studies presented difficulties in defining the results for the link between psychic distance, export performance and firm's international experience. Some studies defined that psychic distance is a predictor of export performance; meanwhile, other presented that psychic distance as a single element fails to explain its impact on export performance and other determinants need to be included for significant interaction detection between psychic distance and export performance. Various studies have been conducted in analyzing psychic distance impact on export performance in terms of various organization, managerial or other characteristics under different psychic distance perspectives. However, there is no agreement on the results of the relationship between psychic distance and export performance in terms of international experience role, thus requiring additional investigation of psychic distance impact on export performance in terms of firm's international experience role. At the same time, there is a lack of studies of psychic distance impact on export performance in terms of firm's international experience in Lithuania context. Lithuanian is a small country with a high level of competition in internal market, resulting necessity for firms to search opportunities in foreign countries, especially distant ones, where competition is lower and more business opportunities. At the same time, distant foreign markets face with high level of complexity and uncertainty, caused by cultural, administrative, geographic, economic and other differences, that affect the results of export activities. Evaluation of these differences and its impact on export performance in terms of firm's international experience become a critically important task to ensure successful outcomes of export activities.

2. The evaluation of the theoretical preconditions for the link between psychic distance, export performance and firm's international experience revealed the following conclusions:
    - Contradictory outcomes are presented of the relationship between psychic distance and export performance, referring to a positive, negative, or no significant. The inconsistent results of the relationship between the constructs are explained in terms of psychic distance complexity, requiring evaluation on different perspectives, including individual, national, firm or by employing few different levels.
    - Psychic distance as a single element fails to reveal its impact on export performance and relationship mainly depends on various firm's characteristics, namely resources, size and international experience.
    - Firm's international experience is the main determinant of organizational characteristics, that affect the results on the link between psychic distance and export performance.
    - Controversary results on explaining firm's international role on the link between psychic distance and export performance are defined: positive association, that are explained in terms of higher managers preparation for export activities and lower level of competition in distant countries; negative relationship, that is detailed in terms of higher level of differences that increase the distance between home country and export country; non-significant, revealing that in some countries and industry context the relationship does not exist.
    - Degree of firm's international experience presents different outcomes of the link between psychic distance and export performance in different countries and industries context.

3. The evaluation of the theoretical preconditions for the link between psychic distance, export performance and firm's international experience allowed to develop a theoretical model in order to reveal the link between psychic distance, export performance and firm's international experience. The explanation of the nature of the constructs and the linkage between them were proposed in the model as the following:
    - *Psychic distance* is an individual's perceived differences (distances) between home country and foreign (export) country, captured in terms of four dimensions, referring to cultural, administrative, geographic and economic. Additionally, it is assumed that psychic distance impacts export performance.
    - *Export performance* are the results achieved from firm's international activities and are assessed in terms of financial and non-financial dimensions. Moreover, it is proposed that psychic distance as a single element fails to explain its impact on export performance and firm's general international experience affects the link between the constructs.
    - *International experience* is proposed as a moderator on the link between psychic distance and export performance. Moreover, it is suggested that the degree of international experience impacts the results on the link between psychic distance ant export performance: a higher degree of firm's international experience reduces psychic distance (differences) between home country and export country, resulting positive affect on export performance; a lower degree of firm's international experience increases psychic distance between countries, thus affecting the link negatively.
4. The empirically test of the proposed theoretical model of the psychic distance impact on export performance in Lithuanian context presented the following outcomes:
    - Psychic distance is and individuals' perceived differences between home country and foreign country.
    - Distant countries are perceived in terms of cultural, economic, administrative and geographic differences between home country and export country; close countries are evaluated as home country without distinction cultural, economic, administrative and geographic difference.
    - Psychic distance significantly impacts export performance (export sales growth and satisfaction with export experience) positively, confirming existence of "psychic distance paradox" in Lithuanian and food industry context, that are explained in terms of higher level of employees comprehensive analysis and preparation for performing business activities, lower competition and higher purchase power in distant markets. Positive relationship between psychic distance and satisfaction with export experience is explained in terms of interesting and new experience gained while working with culturally, economically, geographically and administratively distant markets. Additionally, industry specific context impacts the relationship between psychic distance and export performance.
    - Firm's international experience (scope) plays a moderator role on the link between psychic distance and export performance (achievement of strategic goals, satisfaction with export experience and satisfaction with export performance).
    - Psychic distance has a positive and significant impact on achievement of strategic goals under low level of firm's international experience (scope) conditions, revealing

that firms achieve strategic goals easier in culturally, economically, geographically and administratively distant countries when firm has lower number of distant export countries.

- Psychic distance significant and positively impacts satisfaction with export experience under low firm's international experience (scope) conditions, presenting that managers are more satisfied working with lower number of distant export countries; management of culturally, economically, administratively and geographically different countries require additional resources, those negatively affect the export performance results.
- Psychic distance significantly and negatively impacts satisfaction with export performance under high level of firm's international experience (scope), reflecting that managers are more satisfied working with a smaller number of distant export countries, thus ensuring better results of export performance.
- Industry specific context is not affecting the link between psychic distance and export performance in terms of firm's international experience role in Lithuania.
- The research finding allowed to introduce some recommendations for exporting firms. For reducing complexities and cultural, economic, administrative and geographic differences between home country and foreign country, it is proposed to craft export sales strategies in terms of various differences between countries; train employees in terms of professional courses and conferences; to prepare the sales procedure for export operations in distant markets; to employ export managers that have international experience in distant countries; hiring employees from distant markets. Thereafter, it is recommended to search business opportunities in distant markets as this may generate superior results of export performance. Moreover, it is recommended to allocate some distant market for each manager in order to increase their satisfaction with export experience, thus generating better results. Additionally, it is proposed to reconsider number of distant countries manager is working as these countries require additional efforts to perform business activities, thus affecting the export performance results. Finally, it is recommended for firms to evaluate both financial and non-financial performance since both impact the results of firm's export performance; to concentrate efforts not on the getting higher number of export countries but on the creation of good work environment for employees.

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Appendices

Appendix 1. The template of questionnaire

What is the sub sector your firm is operating in?

Alcoholic beverages
Non-alcoholic beverages
Milk and milk products
Meat and meat products
Poultry and eggs
Fish and fish products
Bakery
Confectionery and sugar
Fruits and vegetables
Nuts, berries and mushrooms
Spices, herbs and seeds
Oils
Grain, wheat and fodder

What is the legal status of your firm?

Joint stock company
Public limited company
Individual enterprise
General partnership

What is the legal status of your firm?

Joint stock company
Public limited company
Individual enterprise
General partnership

How many employees are working in your firm?

<10
10-49
50-249
≥250

What was your firm's total annual turnover in 2019?

<2,0 mln EUR
2,0-9,99 mln. EUR
10,0-49,99 mln EUR
≥50,0 mln EUR

How many employees are working with export in your firm? Please indicate the number:

How many years your firm is exporting?

<3
3-10
11-25
26-50
>50

In how many foreign countries your firm was exporting in 2019?

<3
3-10
11-25
26-50
>50

What was the percentage of your firm's export sales to total sales in 2019?

<10%
10-25%
26-50%
51-75%
≥76%

Is your firm foreign owned?

Yes
No

What was your firm's main export country in 2019? Please indicate the country:

Please indicate one of your firm's export country which you perceive as psychically distant to your home country (Lithuania):
**Psychic distance is perceived distance, resulting from cultural, administrative, geographic and economic differences between home country and foreign country.*

Please indicate the degree to which you perceive that your home country (Lithuania) is similar or different to your previous nominated psychically distant country among each dimension (1=very similar, 5=very different):

	1	2	3	4	5
Cultural beliefs, values, attitudes and traditions					
Language					
Corruption level					
Political and legal systems					
Transportation infrastructure					

	1	2	3	4	5
Communication infrastructure					
Economic environment					
Economic development					

Please indicate the degree to which the following indicators have changed during the last two years in your nominated psychically distant country (1=decrease of more than 20%, 5=increase of more than 20%):

	1	2	3	4	5
Export sales growth					
Export profitability					
Export market share					

Please indicate how successful was your firm regarding the following indicators during the last two years in your nominated psychically distant country (1=very unsuccessful, 5=very successful):

	1	2	3	4	5
Achievement of strategic goals					
Satisfaction with export experience					
Satisfaction with export performance					

Please indicate one of your firm's export country which you perceive as psychically close to your home country (Lithuania):
**Psychic distance is individual's perceived distance, resulting from cultural, administrative, geographic and economic differences between home country and foreign country.*

Please indicate the degree to which you perceive that your home country (Lithuania) is similar or different to your previous nominated psychically close country among each dimension (1=very similar, 5=very different):

	1	2	3	4	5
Cultural beliefs, values, attitudes and traditions					
Language					
Corruption level					
Political and legal systems					
Transportation infrastructure					

	1	2	3	4	5
Communication infrastructure					
Economic environment					
Economic development					

Please indicate the degree to which the following indicators have changed during the last two years in your nominated psychically close country (1=decrease of more than 20%, 5=increase of more than 20%):

	1	2	3	4	5
Export sales growth					
Export profitability					
Export market share					

Please indicate how successful was your firm regarding the following indicators during the last two years in your nominated psychically close country (1=very unsuccessful, 5=very successful):

	1	2	3	4	5
Achievement of strategic goals					
Satisfaction with export experience					
Satisfaction with export performance					

Please indicate your position in a firm:

Please indicate number of years you are working with export:

If you wish to receive the results of this study, please indicate your email:

Appendix 2. Lithuanian exporting firms' profile according to Lithuanian Enterprise data

Sub-sector	**%**
Alcoholic beverages	6,1
Non-alcoholic beverages	8,4
Milk and milk products	5,2
Meat and meat products,	11,9
Poultry and eggs	4,1
Fish and fish products	5,5
Bakery	9,9
Confectionary and sugar	10,4
Fruits and vegetables	5,2
Nuts, berries and mushrooms	8,7
Spices, herbs and seeds	6,1
Oils	4,6
Grain, wheat and fodder	6,4
Other	7,5
Total	100,0

Firm size (number of employees)	**%**	**Firm size (total turnover)**	**%**
Micro firms (1-9 employees)	30,1	Micro firms (≤2,00 mln. EUR)	46,0
Small firms (10-49 employees)	23,5	Small firms (2,00-9,99 mln. EUR)	27,9
Medium firms (50-249 employees)	34,9	Medium firms (10,0-49,99 mln. EUR)	18,6
Large firms (≥250 employees)	11,5	Large firms (≥50 mln. EUR)	7,5
Total	100,0		100,0

Legal status	**%**
Joint stock company	81,9
Public limited company	7,9
Individual enterprise	2,2
General partnership	4,9
Agriculture cooperative	3,1
Total:	100,0

*n=226

Source: https://www.enterpriselithuania.com/en/ and www.rekvizitai.vz.lt

Appendix 3. Regression analysis results for export performance indicators in close countries

Dependent variable: export sales growth				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.324 [2.520, 4.127]	0.398	8.349	0.000
Psychic_distanceTC	0.204 [-0.120, 0.527]	0.160	1.270	0.211

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Dependent variable: export profitability				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.095 [2.354, 3.836]	0.367	8.433	0.000
Psychic_distanceTC	0.145 [-0.153, 0.444]	0.148	0.983	0.331

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Dependent variable: export market share				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.485 [2.738, 4.231]	0.370	9.420	0.000
Psychic_distanceTC	0.046 [-0.255, 0.346]	0.149	0.308	0.760

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Dependent variable: achievment of strategic goals				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.926 [3.265, 4.588]	0.328	11.978	0.000
Psychic_distanceTC	-0.066 [-0.333, 0.200]	0.132	-0.503	0.618

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Dependent variable: satisfaction with export experience				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.483 [2.795, 4.172]	0.341	10.213	0.000
Psychic_distanceTC	0.076 [-0.201, 0.353]	0.137	0.552	0.584

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Dependent variable: satisfaction with export performance				
	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.506 [2.789, 4.223]	0.355	9.863	0.000
Psychic_distanceTC	0.056 [-0.233, 0.345]	0.143	0.393	0.696

Model notes: *ρ<0.05, N=44, CI=confidence interval for β.

Appendix 4. Moderation analysis results in distant countries

Predictors	**Moderator Model 1. Dependent variable: EP_FT_distant**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.5237 [-0.2705, 9.3178]	2.3720	1.9071	0.0637
Psychic_distanceTD	-0.2058 [-1.5123, 1.1006]	0.6464	-0.3184	0.7518
International experience (length)	-0.8328 [-2.5568, 0.8913]	0.8530	-0.9763	0.3348
Psychic_distanceTD x International experience (length)	0.1964 [-0.2628, 0.6555]	0.2272	0.8645	0.3925
Model notes: R^2 = 0.1017, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				
Predictors	**Moderator Model 2. Dependent variable: EP_FT_distant**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	0.5769 [-2.6356, 3.7894]	1.5895	0.3630	0.7185
Psychic_distanceTD	0.7262 [-0.1609, 1.6132]	0.4389	1.6545	0.1059
International experience (scope)	0.6623[-0.4272, 1.7518]	0.5391	1.2286	0.2264
Psychic_distanceTD x International experience (scope)	-0.1578 [-0.4541, 0.1386]	0.1466	-1.0760	0.2884
Model notes: R^2 = 0.1135, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				
Predictors	**Moderator Model 3. Dependent variable: EP_NFT_distant**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	1.0411 [-3.7901, 5.8723]	2.3904	0.4355	0.6655
Psychic_distanceTD	0.7869 [-0.5296, 2.1035]	0.6514	1.2081	0.2341
International experience (length)	0.4777 [-1.2596, 2.2151]	0.8596	0.5558	0.5815
Psychic_distanceTD x International experience (length)	-0.1914 [-0.6541,0.2712]	0.2289	-0.8363	0.4080
Model notes: R^2 = 0.1004, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				
Predictors	**Moderator Model 5. Dependent variable: Export sales growth**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.0153 [-1.4914, 9.5221]	2.7246	1.4737	0.1484
Psychic_distanceTD	0.0483 [-1.4524, 1.5489]	0.7425	0.0650	0.9485
International experience (length)	-0.7342 [-2.7145, 1.2460]	0.9798	-0.7494	0.4580
Psychic_distanceTD x International experience (length)	0.1622 [-0.3651, 0.6896]	0.2609	0.6218	0.5376
Model notes: R^2 = 0.1414, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				
Predictors	**Moderator Model 6. Dependent variable: Export sales growth**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-0.4802 [-4.1263, 3.1658]	1.8040	-0.2662	0.7914
Psychic_distanceTD	1.1353 [0.1285, 2.1421]	0.4981	2.2791	0.0281
International experience (scope)	0.9670 [-0.2696, 2.2035]	0.6118	1.5805	0.1219
Psychic_distanceTD x International experience (scope)	-0.2488 [-0.5851, 0.0876]	0.1664	-1.4948	0.1428
Model notes: R^2 = 0.1728, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				
Predictors	**Moderator Model 7. Dependent variable: Export profitability**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.4794 [-0.4630, 9.4218]	2.4454	1.8318	0.0744
Psychic_distanceTD	-0.2573 [-1.6041, 1.0896]	0.6664	-0.3861	0.7015
International experience (length)	-0.8070 [-2.5843, 0.9703]	0.8794	-0.9177	0.3643
Psychic_distanceTD x International experience (length)	0.2002 [-0.2731, 0.6735]	0.2342	0.8549	0.3977
Model notes: R^2 = 0.0783, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 8. Dependent variable: Export profitability**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	0.8832 [-2.4301, 4.1965]	1.6394	0.5388	0.5930
Psychic_distanceTD	0.5946 [-0.3203, 1.5095]	0.4527	1.3136	0.1965
International experience (scope)	0.5489 [-0.5748, 1.6726]	0.5560	0.9873	0.3294
Psychic_distanceTD x International experience (scope)	-0.1225 [-0.4282, 0.1831]	0.1512	-0.8101	0.4227
Model notes: R^2 = 0.0897, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 9. Dependent variable: Export market share**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.0763 [-0.0945, 10.2471]	2.5584	1.9842	0.0541
Psychic_distanceTD	-0.4085 [-1.8176, 1.0006]	0.6972	-0.5859	0.5612
International experience (length)	-0.9570 [-2.8165, 0.9024]	0.9200	-1.0402	0.3045
Psychic_distanceTD x International experience (length)	0.2267 [-0.2685, 0.7219]	0.2450	0.9251	0.3605
Model notes: R^2 = 0.0569, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 10. Dependent variable: Export market share**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	1.3278 [-2.1750, 4.8305]	1.7331	0.7661	0.4481
Psychic_distanceTD	0.4485 [-0.5187, 1.4158]	0.4786	0.9372	0.3543
International experience (scope)	0.4710 [-0.7169, 1.6589]	0.5878	0.8013	0.4277
Psychic_distanceTD x International experience (scope)	-0.1020 [-0.4252, 0.2211]	0.1599	-0.6382	0.5270
Model notes: R^2 = 0.0489, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 11. Dependent variable: Achievement of strategic goals**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	1.6414 [-3.1756, 6.4584]	2.3834	0.6887	0.4950
Psychic_distanceTD	0.7525 [-0.5602, 2.0652]	0.6495	1.1586	0.2535
International experience (length)	0.1563 [-1.5759, 1.8885]	0.8571	0.1824	0.8562
Psychic_distanceTD x International experience (length)	-0.1515 [-0.6128, 0.3099]	0.2283	-0.6636	0.5108
Model notes: R^2 = 0.1922, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 13. Dependent variable: Satisfaction with export experience**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	-0.0698 [-5.3625, 5.2230]	2.6188	-0.0266	0.9789
Psychic_distanceTD	1.0226 [-0.4197, 2.4650]	0.7136	1.4330	0.1596
International experience (length)	0.7840 [-1.1193, 2.6874]	0.9417	0.8326	0.4100
Psychic_distanceTD x International experience (length)	-0.2417 [-0.7486, 0.2652]	0.2508	-0.9638	0.3409
Model notes: R^2 = 0.1020, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 15. Dependent variable: Satisfaction with export preformance**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	1.5517 [-4.0161, 7.1196]	2.7549	0.5633	0.5764
Psychic_distanceTD	0.5857 [-0.9316, 2.1030]	0.7507	0.7801	0.4399
International experience (length)	0.4929 [-1.5094, 2.4951]	0.9907	0.4975	0.6215
Psychic_distanceTD x International experience (length)	-0.1811 [-0.7144, 0.3521]	0.2638	-0.6865	0.4963
Model notes: R^2 = 0.0370, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Appendix 5. Moderation analysis results in close countries

Predictors	**Moderator Model 1. Dependent variable: EP_FT_close**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.0039 [2.5816, 7.4261]	1.1985	4.1752	0.0002
Psychic_distanceTC	-0.5171 [-1.5136, 0.4793]	0.4930	-1.0488	0.3005
International experience (length)	-0.6130 [-1.4509, 0.2249]	0.4146	-1.4785	0.1471
Psychic_distanceTC x International experience (length)	0.2395 [-0.1248, 0.6037]	0.1802	1.3289	0.1914
Model notes: R^2 = 0.0717, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 2. Dependent variable: EP_FT_close**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.1050 [1.8422, 6.3678]	1.1196	3.6665	0.0007
Psychic_distanceTC	-0.3677 [-1.1509, 0.4155]	0.3875	-0.9488	0.3484
International experience (scope)	-0.2339[-0.8580, 0.3902]	0.3088	-0.7575	0.4532
Psychic_distanceTC x International experience (scope)	0.1530 [-0.0585, 0.3645]	0.1046	1.4624	0.1514
Model notes: R^2 = 0.1235, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 3. Dependent variable: EP_NFT_close**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.3803 [2.1515, 6.6090]	1.1027	3.9722	0.0003
Psychic_distanceTC	-0.2139 [-1.1308, 0.7029]	0.4536	-0.4716	0.6398
International experience (length)	-0.2595 [-1.0304, 0.5115]	0.3815	-0.6802	0.5003
Psychic_distanceTC x International experience (length)	0.0832 [-0.2519, 0.4184]	0.1658	-0.5017	0.6186
Model notes: R^2 = 0.0155, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 4. Dependent variable: EP_NFT_close**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.3326 [2.2112, 6.4540]	1.0496	4.1278	0.0002
Psychic_distanceTC	-0.3089 [-1.0432, 0.4253]	0.3633	-0.8504	0.4002
International experience (scope)	-0.2014 [-0.7864, 0.3837]	0.2895	-0.6956	0.4907
Psychic_distanceTC x International experience (scope)	0.0989 [-0.0994, -0.2971]	0.0981	1.0077	0.3196
Model notes: R^2 = 0.0351, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 5. Dependent variable: Export sales growth**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.4751 [2.7313, 8.2190]	1.3576	4.0329	0.0002
Psychic_distanceTC	-0.6491[-1.7779, 0.4796]	0.5585	-1.1623	0.2520
International experience (length)	-0.7798 [-1.7290, 0.1694]	0.4696	-1.6605	0.1046
Psychic_distanceTC x International experience (length)	0.3175 [-0.0951, 0.7302]	0.2042	1.5554	0.1277
Model notes: R^2 = 0.0991, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 6. Dependent variable: Export sales growth**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.8932 [1.2820, 6.5045]	1.2920	3.0134	0.0045
Psychic_distanceTC	-0.2324 [-1.1363, 0.6714]	0.4472	-0.5197	0.6061
International experience (scope)	-0.1662 [-0.8863, 0.5540]	0.3563	-0.4663	0.6435
Psychic_distanceTC x International experience (scope)	0.1357 [-0.1083, 0.3798]	0.1208	1.1239	0.2678
Model notes: R^2 = 0.1172, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 7. Dependent variable: Export profitability**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.1077 [1.5144, 6.7009]	1.2831	3.2014	0.0027
Psychic_distanceTC	-0.2638 [-1.3306, 0.8030]	0.5278	-0.4997	0.6200
International experience (length)	-0.3683 [-1.2654, 0.5288]	0.4438	-0.8298	0.4116
Psychic_distanceTC x International experience (length)	0.1530 [-0.2370, 0.5429]	0.1929	0.7928	0.4326
Model notes: R^2 = 0.0391, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 8. Dependent variable: Export profitability**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.6710 [1.2859, 6.0561]	1.1801	3.1108	0.0034
Psychic_distanceTC	-0.2957 [-1.1212, 0.5299]	0.4085	-0.7239	0.4773
International experience (scope)	-0.1680 [-0.8259, 0.4898]	0.3255	-0.5163	0.6085
Psychic_distanceTC x International experience (scope)	0.1373 [-0.0856, 0.3602]	0.1103	1.2448	0.2205
Model notes: R^2 = 0.1206, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 9. Dependent variable: Export market share**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.4288 [2.8785, 7.9791]	1.2619	4.3022	0.0001
Psychic_distanceTC	-0.6384 [-1.6876, 0.4107]	0.5191	-1.2299	0.2259
International experience (length)	-0.6908 [-1.5730, 0.1914]	0.4365	-1.5826	0.1214
Psychic_distanceTC x International experience (length)	0.2480 [-0.1335, 0.6315]	0.1898	1.3068	0.1987
Model notes: R^2 = 0.0661, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 10. Dependent variable: Export market share**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.7508 [2.3372, 7.1644]	1.1942	3.9783	0.0003
Psychic_distanceTC	-0.5749 [-1.4104, 0.2605]	0.4133	-1.3909	0.1719
International experience (scope)	-0.3675 [-1.0331, 0.2982]	0.3294	-1.1158	0.2712
Psychic_distanceTC x International experience (scope)	0.1861 [-0.0395, 0.4116]	0.1116	1.6671	0.1033
Model notes: R^2 = 0.0951, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 11. Dependent variable: Achievement of strategic goals**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.1099 [2.8436, 7.3762]	1.1213	4.5570	0.0000
Psychic_distanceTC	-0.3469 [-1.2792, 0.5854]	0.4613	-0.7520	0.4564
International experience (length)	-0.3987 [-1.1826, 0.3853]	0.3879	-1.0277	0.3102
Psychic_distanceTC x International experience (length)	0.0895 [-0.2513, 0.4303]	0.1686	0.5308	0.5985
Model notes: R^2 = 0.0645, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 12. Dependent variable: Achievement of strategic goals**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	5.6845 [3.5569, 7.8121]	1.0527	5.3999	0.0000
Psychic_distanceTC	-0.7678 [-1.5042, -0.0313]	0.3644	-2.1071	0.0414
International experience (scope)	-0.5094 [-1.0962, 0.0774]	0.2903	-1.7545	0.0870
Psychic_distanceTD x International experience (scope)	0.2051 [0.0062, 0.4039]	0.0984	2.0844	0.0436
Model notes: R^2 = 0.1080, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 13. Dependent variable: Satisfaction with export experience**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	4.1883 [1.7692, 6.6073]	1.1969	3.4993	0.0012
Psychic_distanceTC	-0.2101 [-1.2052, 0.7851]	0.4924	-0.4267	0.6719
International experience (length)	-0.2565 [-1.0933, 0.5803]	0.4140	-0.6195	0.5391
Psychic_distanceTC x International experience (length)	0.1070 [-0.2568, 0.4707]	0.1800	0.5943	0.5556
Model notes: R^2 = 0.0167, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 14. Dependent variable: Satisfaction with export experience**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.6330 [1.3137, 5.9523]	1.1476	3.1659	0.0030
Psychic_distanceTC	-0.0655 [-0.8683, 0.7373]	0.3972	-0.1648	0.8699
International experience (scope)	-0.0438 [-0.6834, 0.5959]	0.3165	-0.1383	0.8907
Psychic_distanceTC x International experience (scope)	0.0445 [-0.1723, 0.2613]	0.1073	0.4151	0.6803
Model notes: R^2 = 0.0220, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 15. Dependent variable: Satisfaction with export preformance**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.8426 [1.3120, 6.3732]	1.2521	3.0690	0.0038
Psychic_distanceTC	-0.0848 [-1.1258, 0.9562]	0.5151	-0.1646	0.8701
International experience (length)	-0.1232 [-0.9986, 0.7522]	0.4331	-0.2845	0.7775
Psychic_distanceTC x International experience (lngth)	0.0531 [-0.3274, 0.4337]	0.1883	0.2822	0.7793
Model notes: R^2 = 0.0057, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				

Predictors	**Moderator Model 16. Dependent variable: Satisfaction with export performance**			
Variables	β [95% CI]	Std. Error	t-value	ρ-value
Constant	3.6803 [1.2621, 6.0985]	1.1965	3.0759	0.0038
Psychic_distanceTC	-0.0936 [-0.9306, 0.7435]	0.4141	-0.2259	0.8224
International experience (scope)	-0.0509 [-0.7179, 0.6160]	0.3300	-0.1544	0.8781
Psychic_distanceTC x International experience (scope)	0.0470 [-0.1790, 0.2730]	0.1118	0.4201	0.6767
Model notes: R^2 = 0.0177, *ρ<0.05, **ρ <0.01, N=44, CI=confidence interval for β				