

## MAIS DISTANTE QUE ARROZ DE QUINTA: UM CASO PARA ENSINO SOBRE DISTÂNCIA PSICOLÓGICA

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### Resumo:

Este caso para ensino tem por objetivo relatar a distância psicológica presente no contexto da gestão internacional de empresas. Para isso foi realizada entrevista semiestruturada com o gestor de uma agroindústria de óleo de arroz refinado. A narrativa se dá a partir da criação de uma agroindústria brasileira até a sua internacionalização. A retratação do caso serve para fins educacionais, com o intuito de contribuir no processo de ensino-aprendizagem, observando como diferenças culturais e de linguagem podem interferir negativamente na gestão de empresas internacionalizadas. As disciplinas sugeridas para uso do caso devem abordar gestão estratégica de negócios internacionais, gestão internacional de recursos humanos, e internacionalização de empresas, podendo ser aplicado em cursos de Administração, Gestão Internacional e Gestão de Recursos Humanos. A agroindústria em questão tem como protagonista Luis, o qual permitiu com que a temática fosse abordada levando em consideração a falta de uma linguagem comum entre os gestores estrangeiros e a unidade brasileira. Nesta análise, muitas coisas mudaram na empresa, dentre elas a internacionalização e a ineficiência da gestão à distância, questões essas ligadas as diferenças culturais entre os indivíduos que compõem a unidade no Brasil e seus acionistas internacionais.

Palavras-chave: Distância Psicológica. Gestão Internacional de Pessoas. Internacionalização.

## MORE DISTANT THAN SHODDY RICE: A CASE OF PSYCHOLOGICAL DISTANCE FOR TEACHING

### Abstract:

This case for teaching aims to report the psychological distance present in the context of international business management. For this, a semi-structured interview was conducted with the manager of a refined rice oil industry. The narrative comes from the creation of a Brazilian agribusiness until its internationalization. The retraction of the case serves for educational purposes, with the intention of contributing in the teaching-learning process, observing how cultural and language differences can interfere negatively in the management of internationalized companies. The disciplines suggested for use of the case should address strategic management of international business, international human resources management, and internationalization of companies, and may be applied in courses in Administration, International Management and Human Resources Management. The agribusiness at hand has Luis as protagonist, which allowed the theme to be approached taking into account the lack of a common language between the foreign managers and the Brazilian unit in this analysis,

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many things have changed in the company, among them internationalization and the inefficiency of the distance management, questions linked to the cultural differences between the individuals that make up the unit in Brazil and its international shareholders.

Keywords Psychological Distance. International Management of People. Internationalization.

## 1 INTRODUÇÃO

The case describes the trajectory of an agribusiness that produces refined rice oil, which underwent several reconfigurations during the period from the 70s to the present (2018), from its transfer to city to internationalization and its consequences.

### 1.1 What is that oil?

This question was the mark of a business trajectory from the trip of a gaucho<sup>4</sup> to a city of Goiás in the mid - 70s. In fact, the gaucho was strolling back looking for a quiet place with quality food and to his satisfaction he came across an almost familiar environment, delighted to choose a place and sat waiting for service.

While he was waiting, he was analyzing the restaurant, the staff and the other guests, the whole context sent him back to the feeling of well-being. The climate was friendly, it seemed that everyone who was there was already known to times and the good smell coming from the kitchen was something amazing. At that moment the waiter receives you: "Good morning, do you know our menu options for lunch?" And the gaucho speaks up "No, I don't know it, it's the first time I've come here, but what do you recommend?"

- Good! Are you starving? The gaucho nodded. The waiter promptly proposes: - So I recommend a dish that is the specialty of the house, the *chef's* risotto, it is a good choice of portion it is well served, you will like it, assured the waiter while organizing the table, and then asked: "And to drink, do you want to order something now?" The gaucho in the sequence: - Could be, bring me a Guaraná.<sup>5</sup>

As soon as he made the order, the gaucho began to pay attention in a conversation between two men, near where he was sitting. They were negotiating the amount of oil that would be bought for the restaurant next month. One of them was the owner, and the other was Mr. Antônio, who seemed to be a good businessman.

The conversation catching eye of the gaucho, because it was such a rice oil. He had never heard about it, he knew only soy and oil oils, but decided to ask in the midst of negotiation: "But what heck is this? What is that oil? What's it made of? The owner of the restaurant replied, ironically: - Well gaucho, is rice oil. And he added: - it's made right here in Goiás, this is my friend who's the head for this gadget.

The gaucho was curious as to how to extract the oil. Then he asked the man, "And how is that delicacy made?" Mr. Antônio explained: "We do it from the extraction from rice grits. Got it! It is of the use of the broken rice grain that is made this oil and it is something that gives me much pride.

Gee, he had not thought that was possible. This is news to me. Is there anyone else who does it here or around Brazil that you know? The gaucho asks and Antônio with all the

<sup>4</sup> Gaucho or gaúcho is a term commonly used to describe residents of the South American pampas.

<sup>5</sup> Guaraná is a guaraná-flavoured soft drink, originating in Brazil.

knowledge on the subject replied: Mhmm so, I don't know. I know that they do this in Asia, but I don't know other companies around here.

## 1.2 The insight of others

At that moment, the gaucho began telling Antônio about the existence of an interesting region producing feedstock for his rice-oil industry. In this conversation, he said that in the city where he lived there were many mills for processing rice, which in turn generated great socio-environmental disturbances to the region. The fact is that the mills at the time could not account for all the waste produced, the result of the processing, they had nothing to do with the large volume of rice bran and bark and ended up disposing inappropriately in nature.

Antônio excited about the conversation comments: - It is that the rice grits cannot be used after three days, it acidifies and it does not serve for anything else. But there is no feed factory there? This kind of industry that uses the grits. The gaucho answered right away: "Yes, but they must be very few, because you have no idea, plenty of bran, especially in the rice harvest, maybe you open a branch there in the South of the country and take advantage of the abundance of the input? Then the waiter puts the gaucho's risotto on the table, the men were silent, seeming to have ended the conversation, but hardly knew it was just the beginning.

While the gaucho was having lunch, Antônio introspective thought: But is that really an idea? But how can I do it? Can I take my chances? Good, but that would be a great opportunity. That would be a big step. And he furious from his thoughts, Antônio asks the gaucho: - Can you do me a favor? The excited gaucho perceiving that the conversation would follow: - Wow, of course, do you want me to scour the market for you? I have a consulting company, I can analyze the business viability, what do you think? I can talk to the mills.

Successful time and cost of the feasibility study of the project for the installation of the subsidiaries in the South of Brazil, the gaucho followed, leaving Antônio apprehensive for not knowing how he would proceed if it were feasible to put a subsidiary of his company in another State. Upon returning to his company headquarters, Antônio decides to call the collaborators for a conversation: "Guys, I've been talking with a gaucho today at lunch, and I was kind of amazed, I need your help. Everyone knows that I have a kind regards for the suggestions that each of you gives me.

The collaborators were not fully understanding what Mr. Antônio was talking about, but they were curious about the news they had of what was coming. And he went on: I'm planning to open a subsidiary of our company in the South of Brazil, guys what do you think about it? Who among you would help me in this undertaking? And as if, all of them had agreed, they raised their hands at the same time. Charles, Antônio's right-hand man, goes to meet him and gives him a big hug saying: - Antônio, what a pride of our company. Who would have thought that one day we would take such a step?

All the collaborators were treated by name within Antônio's company and had an active voice, had known each other for a long time, they live near to the company, had participated in its creation, and had formed together with Antônio a united and consolidated company, respected by all on the spot. The organizational culture belonged to a company that respected the rights and sayings of their collaborators. When everyone had calmed down from the euphoria caused by the news received, Antônio touched by what he had witnessed, thanked to the collaborators: - Thank you all for the trust and availability always, I hope we can have many moments like this, I do not want to disappoint them.

After a few days Antônio received a phone call - the call: "Well, so on, I have some great news." When are you coming here? Antônio happy with the timbre of the conversation: Too fast than ASAP! The consultant's previous information agreed with Antônio's

expectations but he wanted the more detailed results, was eager for more consistent information, then asked to the gaúcho to send the result of the consultancy in the mail. With the consultant's results in hands, Antônio understood that there was really the possibility a business with great potential, but that would change his business trajectory.

### 1.3 Betting everything but the kitchen sink

Before proceeding further and after thoroughly analyzing the feasibility study, Antônio sought to outline the next steps for the "South Subsidiaries" project, however he needed to talk to his family, explaining about the decision-making he was about to complete. Arriving home after a productive day of work, he sat down next to his wife. She already felt that something was different and asked him: "What's happening Antônio?" I'm feeling you a little bit anxious, what do you want to talk about? Antônio come clean to Joana: "We have the goose that lays the golden eggs and the luck does not knock twice, but I need you to trust me."

The wife anxious by the mystery: - Go ahead, what are you making up now? You're making me worried. Antônio trying to calm her down: - Take it easy, we will open a subsidiary in the South of the country, we don't know how it will be yet, but come on, ah come on! The wife worried about what she had heard: - What do you mean, Antônio? We have our lives here, our families are from here and the collaborators, cut it out what's happening now? Just when you thought you've seen it all.

Antônio was already expecting this reaction from Joana, she always reacted like this to changes and he tried to calm down her wife: - Honey! There is a huge possibility of prospecting new markets for our company's product. Moreover, I hired a consultant who researched the feasibility of the business and after the results I made some contacts. With a certain timbre of voice, he added: This is real, I cannot waste time, it is the goose that lays the golden eggs of our company to expand.

After Antônio come clean to his wife, she understood that she could not be against her husband, because he was settled to follow through with that project. The family was above all for Joana and so she agreed to the idea and besides that, she always saw in her husband a man responsible and believed by the collaborators, suppliers and customers. Everyone respected Antônio for being a person who believed in the neighbor and in him, in the end everything would work out.

### 1.4 Competition, suddenly opportunity

A few months later the company's physical structure was set up in the South of Brazil, contacts with mills were being established, some collaborators had migrated to the new company, others were being hired and trained. It was time to establish who the new customers and potential suppliers would be, just as it was necessary to delimit the logistics for receiving the inputs and disposing of the production.

Everyone worked in the new reality that had been created, but as always, Antônio was concerned with how collaborators would deal with change, how the organization would maintain its culture, which was always based on respect for others and mutual collaboration.

In order to motivate the collaborators from the new reality, it called a meeting in the production hall, in this sector, because it believed that this was what represented the heart of the company, there were present the true responsible for its effective existence.

After all the collaborators had settled, Antônio began to speak: "Guys, first of all, I would like to thank you for the dedication and companionship of each one on this crazy journey that I invited you to face with me. But as always, I come with a subject that will sharpen your participation in the company's decisions, I'm noticing that we are producing a

lot of waste. As a result of the oil's extraction, the degreased bran needs a more appropriate end, so I invite you to think with me. What's more, I want to reward those who can an efficient way to solve this issue and depending on the result that this provide to the company, I take responsibility to distribute part of the profit generated by this solution.

Actually, Antônio was not joking, periodically he sought to optimize the results of the organization through solutions inherent in the insight of its collaborators. What he wanted was that the organizational and cultural base of the new company be the same as that of Goiás. He deprived by a healthy environment of exchange where the people have pride, motivation and they feel as part of the company.

### 1.5 Employee, or rather, collaborator

Among business relations the only competition in the purchase of the bran was from the feed factories and this made it difficult to negotiate prices of the Antônio's company with the mills. This seemed to have no resolution and significantly disrupted the final price product, the refined rice oil. Based on what Antônio had pointed out at the last meeting, Francisco a collaborator who keep up with the migration of the Goiás organization to the South. He had felt a market opportunity and went to Antônio to express the idea he had had. He went to Antônio's room, which was always open and with free access to the staff: "Mr. Antônio, can I come in?" Francisco said in a friendly timbre: "I'd like to tell you that I've got an idea, it might not work but I'll tell you anyway, do you have a moment to listen to me?"

Antônio surprised and at the same time willing to listen to what his oldest collaborator had to tell him, he said: - Francisco what's up, my doors are always welcome for whoever it is, but for you I given over to all my attention, because I know that coming from you must be something fantastic. Therefore, Francisco began to talk about what he had thought as the question Antônio had proposed: "I'll be very straightforward, maybe we'll have the degreased grain, which is our 'residue-issue', at an attractive price for the feed factories, so we've solved our problem and still profited twice from it.

- What does it mean? Asked Antônio. Francisco continued: "I say twice, so, we sell something we still had to pay to dispose of and we can still negotiate with the mills on greasy bran, since they will have no one to sell to, since factories are going to start buying from us." Antônio was fulfilled with what he had just heard: "Francisco, how come I didn't think in it before, you're a genius, I really don't know what I'd do without this wonderful team that I have at my side. Everything you say makes a lot of sense, of course! Let's start to organizing this strategy, I'm sure the result will be excellent. Thank you, my dear friend, so, I will call a meeting to explain how this will work from now on.

After the conversation, Francisco was rushing to tell the other collaborators the news, he could not hold the happiness of having contributed to the future profitability of the company and to the increase of income that would generate him and his team. Days later, after outlining the strategy that would be used to put Francisco's plan into action, Antônio gathers collaborators and explains how this will have financial repercussions for everyone. Understanding that the plan would only work if everyone committed to stipulated goals the collaborators went back to work more engaged than ever.

### 1.6 New conquests

Several years later, Antônio in a moment of deconcentrating with some collaborators listened attentively Otávio, recently hired employee, to say that he did not agree that selling the degreased bran was the most profitable for company, he explained that his own

organization could have the input, reducing transportation costs, taxes and others. Moreover, it could compete with the other feed industries with a more competitive market price.

That conversation passed, but the subject was rounding in Antônio's head, who thought aloud: "But it's not that he's right, I'm surrounded by geniuses." He quickly calls for Otávio to talk: "So Otávio, I thought about what you said about opening a feed mill and taking advantage of the input we produced ourselves and you know you're right, do you want to work with me on this project?" Otávio, without a second thought: "But of course boss, we are in this together!" Thus, the industrial structure responsible for the production of feeds was annexed to the existing structure and in a short time the organization of Otávio was putting on the market its line of feeds for canines and equines.

But it would not stop here, one day Antônio received a call from a company that represented the rice-consuming markets of China and India. A circumstance which made him rethink his trajectory and envisage an even more promising future for what he had already built. Now the international market would be part of his know how, he thought aloud: - The sky is the limit!

In a short time, in the early 2000s, China and India started buying up much of the rice oil production. However not the refined oil but the crude oil, since the refinement processes available in these nations had more advanced technologies which reverberated in an edible oil more attractive to the foreign palate.

In general, its organization in that period already served different segments in Brazil: the refined rice oil, feed, degreased grain for other feed industries, crude oil that served to serve the cosmetics and cleaning products. Out of the country, 80% of the oil production from the degreased grain of the rice grits was being sent to China and India, which reflected positively for the company, especially since the business was carried out in US dollars.

### **1.7 The beginning of the end**

In this period (beginning of 2000s), after the opening of the international markets, the organization of Antônio was joining actively of international fairs, had been recognized by countries consuming rice oil. Things were taking on size and depth, and as he has headed up a good team of managers in the company and he realized that his role within it no longer made any difference. But for Antônio, it was easy to do business, he believed in people very much and in its capacity to develop projects.

On one particular day, he met Roberto, an international business manager, who worked for a company to which he provides consultancy to others of the S/A type, linked to the Stock Exchange. Roberto arrived at Antônio's agribusiness through market research and speculation analyzing the route traveled and the results obtained, he sought Antônio to talk and went straight to the point: - Mr. Antônio, I have been analyzing the trajectory of your company and I have identified that it already operates outside Brazil. I'd like to set up a meeting to talk about a client's interest in your business.

For Antônio that sounded strange, but soon he pulled himself and replied: "I'm on standby, I've never imagined this kind of conversation, but I do not think it's everything happens for a reason. we can call! And the following month Roberto was in Brazil, ready to talk: "Hey Antônio, how about you?" I introduced myself briefly in our quick phone conversation. I hope, I did not scare you.

- No Roberto, I got it and I knew it deep inside that sooner or later, this sort of thing would happen, I just thought it would be much later. Antônio replied: - During this period the agribusiness had reduced its production to the national market, since the focus was the scaled-up sale of crude oil to the international market. Roberto, very professional and objective in its considerations, explained to Antônio how everything would be: "The idea, Mr. Antônio is to

acquire the entire productive unit. I stand for, in fact, an American group of investors. They just do business like that either buy everything or do not buy anything. They are not interested in buying only a few stocks of your company, they want total control over it.

Antônio began to think as Roberto spoke. And from a stormed out, he asked them to talk at another time, because he was not feeling well. Immediately, he telephoned for his secretary to bring him water. Roberto expressed concern and he decided to not insist and agreed to come back another day.

After all those years, the agribusiness was consolidated and produced satisfactory and representative results. It exercised the social and economic role for the region where it was introduced had an established organizational culture. Most of the relations within the agribusiness took place efficiently, based on the same language, constituted by links of trust and solidarity. In addition, the profiles of the collaborators of the production hall were very similar which gave unity to the industry. And here comes a new prognosis for company's future at that moment what came to Antônio's head was that it was time to rest.

As soon as, he gets better, he called home and asked his wife to make dinner and to call to his family because he needed to talk to everyone. Worried she asked her husband: "Antônio, are you okay, do you want me there?" He said no and would soon be home.

In the evening more or less 8:00 p.m., Antônio came home and saw that everyone was waiting for him. He parked his car, went through the kitchen door and headed toward the living room, where they were all sitting down, talking about the likely reasons for the family gathering and taking a good chimarrão<sup>6</sup>. That was when he started and interrupted everyone: "So family, the opportunity arose for me to retire!" He said fully anxious. His wife was not understanding anything was happening and ask: What do you mean? I cannot understand! Everything okay with you?

With a tiny voice the businessman explained to his wife: We received an offer, and... They want to buy our company! And he added: - Our children are raised and had followed their path and I don't want to follow up on the business. I think now its time to rest. They all started talking at the same time, they were not understanding, but the concern was about the reasons that would lead the patriarch to want to get rid of his company, which he dedicated years of his life to build this empire. However, the wife, as always, relying on her husband's sensitivity and trying to understand the situation said: "Okay, we all are in this, but don't do anything to regret it. The children, calmer after the mother's intervention, sit down and try to understand how the father feels at that moment.

"No, no, I think I've done enough. Antônio said, wiping his eyes. He went on: "I want this, but the only thing that is not yet clear to me is how my long-time collaborators will be, who have been with me since the beginning of this journey, I cannot let them down.

In the next day Antônio went to the company, his heart was filled with anguish because he knew that his collaborators might not understand his decision, even if they did not accept it. The sadness in his thinking, but he was determined and as usual arrived at the company at 7:30, took off his blazer and went to the production hall, called all his collaborators and told them the news: - Good morning everyone, I hope everyone is okay. We've been working a lot these past few years, right guys?! So (...) I need to tell everyone the decision I'm about to take, I understand that many will not react well to this news, but as everyone knows I'm old and tired.

<sup>6</sup> Chimarrão: Mate, also known as chimarrão, is a traditional South American infused drink. It is prepared from steeping dried leaves of yerba mate (*Ilex paraguariensis*, known in Portuguese as *erva mate*) in hot water. It is the national drink in Argentina, Paraguay, and Uruguay, and drinking it is a common social practice in parts of Brazil, Chile, eastern Bolivia, Lebanon and Syria. In Brazil, it is considered to be a tradition typical of the "Gaúchos", name given to those born in Rio Grande do Sul.

The collaborators began to speak and the noise took over the production hall, when Luis asked: What do you mean with it, Mr. Antônio? We are going so well, you said yourself that we have been conducting alone the company, that you have only been in the cabin. That's not right, we ask you to reconsider your decision, please.

But Antônio had already decided at that moment, he was only informing and he spoke again: - I beg your pardon, I do not intend to harm you, so much so that I will make some recommendations so that anyone of you will be harmed by my way out. I hope you understand that this old man needs a moment to rest. I will always keep them in my heart, because you all are part of my life. And followed: "The negotiations begin in a few days and I will let you engaged with what will happen from now on.

At the end of the conversation with his collaborators the decision was made, several meetings were held between Antônio and the representatives of the American Group until the purchase agreement was signed. Antonio in his conversations with the American Group expressed his regret about the new format of management that would be put into practice, he knew his collaborators and partners by name. He used to share with the agribusiness managers their concern and possible ways to avoid drastic changes in people management. He knew exactly how each collaborator are, he had with his old and beloved company, however he was no longer back the business was already on.

Soon after the formalization by the American Group, the new negotiations on the management of the organization began. The first step was to carry out an audit in all sectors of the company in order to identify possible situations that needed to be fixed. A fact that reverberated in a negative way among the collaborators of the agribusiness, since they began to feel ostracized within the company itself and rightly resented what was to come.

### **1.8 When concern becomes fact**

In 2008, with the documents signed, Antônio was no longer part of that business. As long with this, a new and more technological and impersonal way of running the company was beginning to be put into practice. Management processes were carried out by the American Group through video conferences. The collaborators felt themselves to be collaborators again, no longer free to express ideas so often encouraged by their former owner. Nor were they seen as a fundamental part of the business, they were just numbers for the foreign group. Therefore, the decisions were made by people who had never set foot inside the organization and this was seen as something absurd by the collaborators of the agribusiness.

The American Group that acquired the agribusiness inserted several updates of structure, production and management. Many things changed in this transition, the management became external, the group of shareholders directed the company from a technical and international business knowledge, without taking into account the preceding organizational culture, the productive line became more technological needing less manpower, the way to relate to other companies began to occur with greater formality, increasing the distance between people which did not exist when Antônio was the front of the company.

These changes, however, caused some problems, such as slower decision-making, that is, the company's operational demands took a long time to be met, as in the case of Luis through a video conference, their superiors: - We need to flag to the market that we are going to change our price list and tell you how it will be going forward.

This subject was stemmed from a meeting that had taken place two months ago and, on several occasions, Luis had touched on the subject, but the answer was never immediate and resolute: - We are putting together the right strategy to show our clients the new values,



once we have this set we will pass along how to proceed. Was informed by one of the managers of the foreign group. And that left both Luis and agribusiness representatives and sellers riled up, because things did not seem to match that managers had no idea what they were doing with the company.

At another time, the American group had decided that the format used by the previous management in relation to the withdrawal of inputs from the mills did not make sense anymore: "Luis, you must get in touch with the truckers who are looking for the grits in the mills and deliver us to cover the mills themselves and not more of our company. Said Robson, the manager responsible for the interorganizational relations of the foreign group.

Edgy, Luis tried to argue: But Robson, this kind of relationship won't work here, both our industry and the feeds have this kind of relationship with the mills for a long time, they won't want to pay the truckers and something else, we don't pay for the input, we only pay for shipping.

But keeping the previous speech, Robson positioned to Luis who should act the way he was being guided. For its part, has caused a series of relational problems between the agribusiness and the truckers, as well as the mills. It was only solved when the truckers stopped delivering the input. Thus, only then will they understand that Luis was right in his judgment about the lack of knowledge of external managers to what was practiced in the region where the company was consolidated.

Another notable moment was when collaborators had their wages frozen, due to the international crisis of 2008. Once again, in a video conference, where all the managers were present in Brazil and most of the managers of the foreign group, that Luis spoke: - Sirs, I understand that the world is going through a great crisis and that is generating a series of reorganizations necessary for companies to remain standing in the market. Think about it, our collaborators need to have access to wages that correspond to purchasing power in Brazil, I see this decision as hasty which will generate unnecessary conflicts. In fact, I believe that we will lose skilled workforce and this is not good bearing in mind the specificity that our company presents. But there was no way, the foreign managers were used to dealing with people as if they were numbers therefore was something that Luis and the other national managers could not understand and accept.

Luis was a financial manager and Antônio's right-hand, for more than 15 years tried to remain faithful to the company, seeking to continue doing his work with the same determination and determination as always. He believed in his future with the company, however in one of the meetings with the managers of the American Group, he decided to explain: "Guys, I do not speak English very well, but I see things you do not see and I need to warn you.

And he went on: - Our languages are different; our culture is different and in addition to this, you've been building walls to keep us apart. The target is based on how you see the business and not on how it really is. Only those who are here can see. And one of the managers said to Luis: - We have already understood this, but we need to tell you that additionally, there has been a period when the world market (2008/2009) is going through instabilities and our financial situation has changed considerably, our international contracts need to be reconfigured.

What do you mean? Asked Luis. "Are you going to sell the company?" But they soon bought it. Do you have any idea that there are people working here? Luis becomes angry and cuts off the connection and the meeting ends. Without hesitation, he calls all collaborators to a conversation and explain what will happen to the company again. The collaborators disappointed by the development of events in the agribusiness, are becoming frustrated and threatened by the provisions of the near future.

In this short period the company was negotiated anew and acquired by the Multinational Investment Group, which initially keep going its management in the same way as the previous group, with tools and perceptions again distinct from those used in the preceding company. The previous idea was to continue to keep going a distance management. However, the Multinational Group understood based on reports on previous management that it should instruct local managers of the unit so that there was a better communication between the Group's projection and practical matters of business.

In this regard, they sought to talk to each one of the agribusiness sector managers in order to identify through the perception of team, the one who had the top conditions to take the upper control of the company and to represent for it to the Multinational Group. The one who had the qualifications in order to keep in touch to collaborators through a common language that bring about the identity of the company as a whole.

After the mapping, the Multinational Group identified that Luis would be the perfect person to take the executive management of the agribusiness in Brazil, that is, he had the necessary skills to develop the negotiation of the external management to the internal one. In this sense, a committee organized by the Multinational Group came to Brazil, to inform Luis that he had been the selected, as well as to demonstrate to him what the Group expected of its management.

Richard was the spokesman for the commission and had more affinity with the objectives of the agribusiness, thus it was he who spoke with the new executive director: - Luis, I do not speak Portuguese very well, but I want to talk in your language, after all I'm in your country. Our target here, today, is to invite you to act as executive director of the company. We did some research with all the managers, as you well know, and they all pointed you out as the most appropriate person to take the job. What do you tell us?

Proud and put on the air their happiness and fully understanding the responsibilities of the proposed opportunity without a second thought Luis replied: - Yes, I do. I think I'm ready to take on that responsibility. I know the company, its processes and the people who work here. I have worked in this company for more than 15 years, I hope I can do my best for its. I will seek ways for the society of external and internal management in an efficient way, as I see that this is currently the most prejudice in our evolution.

And he goes on: - The company's economic results ebb tide, period after period, due to the inefficacy to be managed at a distance. Agribusiness began to lose its national market, as it was no longer efficiently linked with suppliers and potential customers. He took a deep breath and commented on the negative points he faced: - I understand that this was mainly due to the lack of communication between the Brazilian and the foreign managers, as well as the lack of sensitivity to the fact that what works with the foreign managers in terms of management does not apply here.

This decision was important for the reestablishment of the agribusiness, but it was made too late, the company had already lost its national market, had closed the feed mill and had lost the business partnerships established in the period in which Antônio was ahead of the business. Moreover, the human resources of agribusiness did not have the same proactive activity as in previous periods, that is, organizational language and culture had changed completely.

Currently, the company continues to operate with Luis at the head of the management, it really seeks to interact with the Multinational Group regarding the internal and external relations of the agribusiness. The goal is that he continues to work to reduce the psychological distance that exists in the international management of human resources and this has a positive effect on the company's results.

## **2 TEACHING NOTES - Guidelines for Teachers**

### **2.1 Teaching Objective**

This is a case for teaching that seeks to explore a part and parcel that directly influences the International Management of People to the psychological distance. The purpose of this case is to convey how cultural and language differences can interfere negatively in the management of internationalized companies. The specific aims for the settlement of the case involve: i) Understanding ways to manage human resources of companies internationalized by foreign organizations in the face of the existence of psychological distance; ii) Identify dimensions that contribute to psychological distance; iii) Open to view management ways that make light of psychological distance.

In this context, the case allows the student to identify the psychological distance, and some of its dimensions, as an influencing factor in the decision-making by internationalized companies.

### **2.2 Disciplines suggested for the use of the case**

The disciplines suggested for use of the case should address strategic management of international business, international management of human resources and internationalization of companies. The present case for teaching does not require qualification, therefore it can be used in the extension of the entire course. It can be applied in undergraduate and graduate courses in Administration, International Management and Human Resource Management, which encompasses human resource management, organizational behavior, graduate leadership seminars. It is also recommended that this case for teaching be used in business universities in order to promote the debate on the contradictions of psychological distancing in the internationalization of companies.

### **2.3 Sources and methods of collections**

The collecting method of data given to a semi-structured interview was conducted with the agribusiness production manager which was recorded and later transcribed in the form of a case. This professional was selected due to the time of service provided to the company (25 years), and also by the lack of the director of Brazilian unity to participate in the research. The characters, as well as their business trajectories are representations of a real context, maintaining the fidelity to the facts. With regard to the names and locations of the company, a replacement was necessary due to the negative authorization to disclosure. However, it can be stated that the company continues to operate, with full utilization of productive capacity and looking for ways of management that reduce the distances between external and internal management.

### **2.4 Suggestions for discussion**

The development of the proposed questions was aimed at stimulating discussion among students, providing them with the assimilation of knowledge through the teaching case and the research on the subject. Moreover, it is suggested that the teacher began the plenary by introducing in time facts that refer to the opening of markets and later to the internationalization of companies. Furthermore, the teacher clears up with the students the analogy regarding the subject psychological distance and organizational culture in national and international companies, their differences and similarities.

Questions are designated for discussion in the classroom, according to the tasks and organization of the suggested lesson.

## 2.5 Questions for discussion of both disciplines:

1) Could changing groups of investments in a short period of time (2 years) have influenced the problems related to psychological distance? Why?

A.: No, because the problem was already present with the American Group a due that is directly related to the relational dimension regarding psychological distance.

2) Did the internationalization of the agribusiness in question get along with distance? If so, which could have been avoided

A.: Yes, because it created obstacles in the maintenance of the internal corporate language. It could have been avoided if there had been concern about issues related to organizational culture and the host country of agribusiness.

3) Explain how an internationalized management would be efficient in terms of human resources in purpose to avoid or attenuate the psychological distance?

A.: The efficient internationalized management should consider the organization's previous management format, that is, supported to relational alliances and corporate language aligned with the profile of collaborators. It would have to have studied as it was before the internationalization and did not arrive imposing a new format without the previous knowledge.

4) In terms of the dimensions proposed by the psychological distance construct in the internationalization of companies and based in the case described which dimension was superior? Justify.

A.: The superior dimension was relational, made explicit through cultural differences, lack of contacts and social alliances with foreign companies, as well as the absence of alliances and partnerships.

5) Based on the case described and, on their knowledge, could psychological distance have been the main influencing factor in the major crisis that has shaken the company? Explain.

A.: No, it was not the main one information that is strengthened when the fact of the major crisis of 2008 was presented.

6) As for the organizational dimension, explain on a case-by-case basis, when it occurred.

A.: The organizational dimension is present in the context about experience in similar markets, international participation, planning and links within the organization, in which case it is manifested itself as the lack of planning and links within the agribusiness.

7) Is it possible to observe in this case any relation to the environmental dimension, as to what is the psychological distance? If so, justify in the case.

A.: Yes, due to the geographic distance, the lopsided of information occurred especially when the managers of the American Group did not even concern to talk with the collaborators of the agribusiness about the work format already organized.

8) As for the relational dimension, according to the psychological distance in what way is it present in the case?

A.: It is present in the case when an employee is imposed an audit without even knowing the structure of the company, a fact that moved away the collaborators from the international managers, misaligning the business strategy.

9) As for the environmental dimension, point out the main points that demonstrate its existence in the case.

A.: The environmental dimension is present in the existing commercial differences of both the American Group and the International Group to that which occurs, generally, in the interior of Brazil.

10) Explain why the difference in languages moved up the psychological distance in the proposed case.

A.: The difference between languages moved up the psychological distance, but was not the main factor, because both manager in Brazil as manager of the International Group, sought to communicate in each other's language, in order to get it together the way to relate and seek to solve the existing local problems in the company.

## 2.6 Possible tasks to be proposed to the students and possible organization of the class to use the case

In order to set up the application of the case in the classroom, it is suggested to read the case prior to teaching, preferably one week before the lesson. And depending on the familiarity of the students with the designated theme and the experience in companies (it is understood that it is very varied considering the application in undergraduate and graduated classes), it is also suggested the following division of time for a class of 3 hours, according to Table 1:

Table 1 – Suggested lesson plan

Activity	Time
Presentation and understanding of the case	15 min
Survey of the main points that show the international management of people	30 min
Division of the group into groups of up to 4 people and reflection on the dimensions proposed by the psychological distance construct	1h
Resolution of the questions proposed by groups already organized	45 min
Final considerations from the resolution of questions	30 min

Furthermore, this case can serve as a method for applying individual assessment activities, testing the student's actual knowledge of the subject. However, it is necessary that the theory be previously exposed and discussed in the classroom with the students, in order to clean up any doubts, as well as to prepare them to the activity.

## 3 CASE ANALYSIS AND SUGGESTION OF BIBLIOGRAPHY

In this section will be presented the theoretical background and bibliographic suggestions regarding the psychological distance that is applied in the context of the internationalization of companies.

### 3.1 Psychological Distance

With the opening of the international market from the 90's, many companies expanded and with this a new way of doing business was widespread. Many factors related to the international context, including competitiveness, were seen as economic advantages for large companies and nations, furthermore a problem that was not yet measurable was being filled out, the psychological distance in the international management of people.

The term psychological or psychic distance had already been cited by Beckerman in 1956, three decades before the opening of the international market, although his emphasis on terminology was due to the physical distance tied to the difference of language and culture between countries in international trade relations.

In this context, few researches were carried, out years later Stöttinger and Schlegelmilch (1998), observed that the psychological distance between internal and external management get involved directly in the performance of an organization, moreover "cultural differences were identified as the greatest the potential source of problems and conflicts in international business"(Stöttinger & Schlegelmilch, 1998, p.54).

In the same way, psychological distance can be predefined through language, business form, through legal and political procedures, education, economic development, grassroots marketing, culture, and industry format. The psychological distance is "the distance between the home market and a foreign market, resulting from the perception and understanding of cultural and business differences between them" (Evans, Treadgold & Mavondo 2000, p.375).

For some scholars on the subject, psychological and cultural distance are concepts without distinction, interchangeable, however, from a type that measured both separately, one can see that they are distinct concepts since cultural differences interfere in the choice of countries in which managers seek to relate and "psychological distance is determined by cultural distance and the individual values of the managers (Sousa & Bradley, 2006, p.1).

Also, for the construct composition, taking into account some measures, among them the culture as proxy, a study carried out in Brazil sought to correlate two existing instruments in the researches in order to identify if the proportion used in both made sense to explain the psychic distance. As an outgrowth researcher have found satisfactory results, demonstrating that previous studies have already pointed out that psychic distance is shared by individuals of the same culture and, moreover, represents the way in which individuals from different cultures perceive themselves (Silva, Rocha & Figueiredo, 2007).

The influence of individual perceptions on the part of the managers, taking into account the behavior and the values, is implicating of psychological distance, as far as the insertion of an international marketing this factor is of great importance, given the existence of cultural differences between the internal market and the external, which in turn directly get involved with the way the products are placed in front of the international market (Cândido, 2009).

A construct about psychological distance was proposed by Rocha (2004), in which the author tried to demonstrate the possible components, mediators and lopsided that could explain the existence of the phenomenon and which factors would contribute to this. Environmental factors such as trading blocs, immigration regions and border contacts were found because they significantly affect perceptions of psychological distance (Celano, Fontoura & Maciel, 2016; Rocha, 2004).

In addition, relational factors such as contacts with business in the country of origin, social links with overseas industry members, strategic alliances and partnerships, local partnerships with partners of the same cultural background, development of trust and affinity are factors that a large part of the members of organizations consider it extremely significant for psychological distance (Rocha, 2004).

On the other hand, organizational factors such as effective experience in the foreign market or in similar markets, international participation, planning, connections within the organization do not present as much significance for psychological distance in international business management (Rocha, 2004). Therefore, psychological distance is a construct linked to a multidimensional system (Cândido, 2009; Fernandes, 2013; Rocha, 2004). Table 2 presents the three main dimensions proposed by Rocha (2004) in the formulation of the construct on psychological distance.

Table 2 – The three main dimensions of psychological distance

Dimension	Context
Environmental	Differences between trading blocs, immigration regions and border contacts.
Relational	Cultural differences, lack of contacts and social links with foreign companies, as well as the absence of alliances and partnerships.
Organizational	Experience in similar markets, international experience, planning and connections within the organization.

Source: Adapted from Rocha (2004)

In a research on the impact of psychological distance on international marketing strategies and on export performance, the outgrowth suggests that the psychological distance in the process of internationalization of companies is negligible in international marketing, as opposed to what happens with the exporting performance; fact that occurs in relation to the different business characteristics and of its managers (Fernandes, 2013).

Three competences are point-full to a positive effect on exports: linguistic, cultural and sensitivity issues and business posture. With regard to the lack of foreign language knowledge, it is possible to identify their negative influence on the performance of exports may cause managers to perceive more psychological distance between their home and foreign markets, (Bloemer, Pluymaekers & Odekerken, 2013).

The expatriation process related to psychological distance in a study based on the perception of Brazilian expatriates has observed that three dimensions influence the psychological distance in the context of the internationalization of companies. On average, the dimensions of business and the macro-environment, in the cultural dimension the psychological distance is high (Gervasoni, Cubo & Farina, 2014).

Another study on psychological distance was carried out in Chile, and in it the cultural and psychological distance resemble, contrary to what Rocha (2004) places in his construct on the subject. What has been verified is that for small and medium-sized Chilean companies the psychological distance is associated with competitiveness in the export of products linked to natural resources to culturally distant countries, such as North America, Asia and Europe. Thus, in turn, translates into market strategy, that is, it is more difficult to place its products in culturally close countries, due to market similarity, because where products are similar, the level of competition is higher, and therefore, the profitability is lower (Cancino, 2014).

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