Article

PSYCHIC DISTANCE IN THE PROCESS OF INTERNATIONALIZATION: THE PERCEPTIONS OF BRAZILIAN EXPATRIATES

Vinicius Chunques Gervasoni1
Edson Keyso de Miranda Kubo2
Milton Carlos Farina3

Abstract: The aim of this article was to identify the perceptions of Brazilian expatriates concerning the psychic in the internationalization process. Although the concept of psychic distance has been explored in the literature for the analysis of processes of internationalization of companies, recently have researchers begun to examine its influence on the processes of expatriation. To this end, a review was made of the studies of psychic distance and international companies as well as of the expatriation processes that are directly influenced by the challenge of psychic distance. Brazilian expatriates’ perceptions about the psychic distance was identified through 24 interviews, in which it noted that the psychic distance tends to be high for the cultural dimension and median for business and environmental dimensions in the sample investigated. Moreover, the difficulties in the expatriation process tend to intensify the perception of high psychic distance for the Brazilian expats.

Keywords: Psychic Distance; Expatriation; Internationalization; International People Management

1 M.S. in Business Administration (Universidade Municipal de São Caetano do Sul – USCS, São Caetano do Sul, SP, Brasil); e-mail: vini_gervasoni@yahoo.com.br

2 Doctor in Business Management (FGV/ EAESP-FGV). Professor at Universidade Municipal de São Caetano do Sul – USCS, Post Graduation in Administration Program, São Caetano do Sul, SP, Brasil; e-mail: edsonkubo@uscs.edu.br

3 Doctor in Business Management (USP/FEA). Professor at Universidade Municipal de São Caetano do Sul – USCS, Post Graduation in Administration Program, São Caetano do Sul, SP, Brasil; e-mail: milton_farina@uol.com.br
Introduction

One of the main ways to create growth opportunities in companies is by entering new markets beyond national borders (JOHANSON, VAHLNE, 1977; THOMÉ; MACHADO; VIEIRA, CARVALHO, 2013). Between 1997 and 2007, on average, sales from subsidiaries and the value added by these operations accounted for 52% and 10% of the world’s Gross Domestic Product; subsidiaries exports were equivalent to 33% of world exports; and annual foreign direct investment (FDI) of Multinational Corporations (MNCs) (Multinational Corporations that control and manage production establishments located in at least two countries) amounted to 12% of global gross capital (MARIOTTO, 2007). In recent years, it has also been observed that among emerging countries the trend of intensification of the process of internationalisation has not declined (THOMÉ; MACHADO; VIEIRA, CARVALHO, 2013).

Entry into new markets is characterized by challenges of International People Management (IPM), which includes recruitment, selection, expatriation, among others, and intercultural management that includes, multicultural working environments and the challenge of expatriates to adapt to the culture of the host country (KUBO; BRAGA, 2013). Thus, the adaptation of the expatriate to the new cultural context of the host country is a crucial factor for the success of the process of internationalization (TANURE; BARCELLOS; FLEURY, 2009). The main barrier that could hinder this intercultural adaptation (and internationalization) is the psychic distance. It could undermine, for example, the flow of information between companies and foreign markets, or between suppliers and consumers, in addition to existing intercultural discomforts, such as values, habits, and communication. (JOHANSON; WINDERSHEIM-PAUL, 1975; TANURE; BARCELLOS; FLEURY, 2009; KUBO; BRAGA, 2013).

Puck, Kittler, and Wright (2008) also emphasize that the psychic distance is the main challenge of a company and its expatriates in the process of internationalization. The first agents to feel the psychic distance are expatriates, who are defined as people assigned to missions in foreign countries, employees who are working in subsidiaries, or who have returned from an international mission. These expatriates immediately realize the differences between the new business and cultural environments in relation to their country of origin (FRIEDMAN, DYKE, MURPHY, 2009).

The construct of psychic distance can be measured at a national, organizational, or individual level (HALLEN, WIEDERSCHEIM-PAUL, 1993). At an individual level, it involves the way in which the individual sees the world of international business (FLETCHER, BOHN, 1998). Thus, to ensure the success of the process of internationalization, it is crucial to identify expatriates’ perceptions in relation to host country’s cultural novelty and the degree of difficulty in adapting to the new environment. As the expatriate works in a subsidiary, it also highlights the importance of psychic distance at an enterprise level, which is represented by the "organizational level". This level relates generally to the dimensions of business and the macro-environment of the psychic distance when addressing issues such as mode of entry, and the relationship between companies and institutional and regulatory aspects of the local market.

The purpose of this article, therefore, is to identify the perceptions of Brazilian expatriates in relation to the psychic distance in the process of internationalization. We chose to approach this construct at an individual level without neglecting the organizational level at which the challenge of psychic distance emerges. This paper is organized into five main parts: an introduction, a literature review on psychic distance and its dimensions, methodology, presentation and discussion of results, and finally, the conclusion.
Theoretical Reference

Context of the internationalization process

The growth of FDI from companies in emerging countries, in addition to the increased flow of FDI from developed countries in recent years, indicates the strength of business internationally. At the same time, consumers become more demanding with regard to quality, technology, and product prices, which increases the need to adapt to this fierce environment of international competition (THOMÉ; MACHADO; VIEIRA, CARVALHO, 2013).

When thinking about internationalization, the modes of entry by an organization in other markets include: export through third parties or directly; licensing, association, and strategic alliances with foreign companies; franchising; production contracts and services; joint venture; mergers and acquisitions and overseas divisions (greenfield), with installation of subsidiaries or company owned offices (focused on marketing, subsidiary installation or unit production) and research centers (CAVUSGIL, 1984; KHAUJA; TOLEDO, 2011). FDI sets the most compromising mode of entry, corresponding, for example, to green field investment.

While researching the topic of internationalization, it is notable that case studies are commonly from developed countries’ companies, especially from North America and Europe. International expansion of US and European companies took place during the late nineteenth century, after the Second World War, and the process of company internationalization is still growing. However, given the current international economic situation, we observe more and more emerging countries (including Brazil) involved in this process of internationalization, which in the literature is still an underdeveloped area of study (TEIXEIRA and SILVA; LESSA, 2009; TANURE, BARCELLOS, FLEURY, 2009).

In order to remain competitive and produce viable consistent growth, Brazilian companies are internationalizing their operations. The process of internationalization of Brazilian companies is recent and has intensified in recent years (THOMÉ; MACHADO; VIEIRA, CARVALHO, 2013). In contrast to the possible advantages of an internationalization process, companies face challenges, especially in relation to the intercultural environment. The construct of psychic distance includes the intercultural challenges of understanding language, differences in values, consumer behavior, cultural patterns, legal and institutional environments, and power structures of other countries (TANURE, BARCELLOS, FLEURY, 2009).

Thus, it is relevant that the Brazilian expatriates’ perceptions about the challenges of internationalization, synthesized in the largest barriers of psychic distance (TANURE, BARCELLOS, FLEURY, 2009), deserves to be the studied object of this article.

The entry of emerging countries as global players has fostered new opportunities for research on different theoretical perspectives to cover unfilled gaps relating to subjects, such as psychic distance in the process of internationalization of Brazilian companies. For Peng (2008), a view based on industry like (PORTYER, 1986) and the resource-based view (Barney, 1991, for example) are not sufficient to explain phenomena related to internationalization in emerging economies. However, the view based on institutions could support new elements that interfere in the trajectories and strategies of organizations (PENG, 2002, 2008; PENG; SUN; PINKHAM; CHEN, 2009), and raise discussions about the changing environments and characteristics of emerging countries. The work of Peng and Zhou (2005) and Dieleman and Sachs (2006) point to the need for further studies on institutional transitions in emerging countries, since their effect on companies’ strategies has not yet been explored.
The fact is that it is increasingly difficult to analyze the process of internationalization of emerging countries from theoretical frameworks by developed countries. There are novelties and gaps when it comes to the internationalization of emerging countries, accompanying challenges inherent to the challenge of intercultural management and IPM that inevitably part of the scope of psychic distance. The differences between the countries are expressed in cultural, institutional, and economic aspects, which are included in the concept of psychic distance that, in turn, express the uncertainty of companies in relation to a given international market. Thus, it is possible to identify the barriers that these differences create, learn about the market, and establish more efficient international operations (O’GRADY, LANE, 1996; TANURE, BARCELLOS, FLEURY, 2009).

Studies related to expatriate management comprise of IPM and analyze the relations between the cultural novelty of a country, where a subsidiary is installed, and the degree of difficulty of an expatriate to adapt to the new environment. According to Black, Mendenhall, and Oddou (1991), the traditional hypothesis is that the greater the cultural novelty of the country, the harder it would be for the expatriate to adjust and overcome the psychic distance. However, little is known about Brazilian expatriates’ perceptions of psychic distance experienced in the process of internationalization. It will be important, therefore, to clarify the construct of psychic distance with its dimensions and implications for internationalization.

**Psychic distance**

Psychic distance is a key concept for understanding the process of how firms make the decision to enter into foreign markets and has often been studied in international management areas.

The psychic distance includes language differences, education, business practices, culture, and industrial development that can cause psychological discomfort in an individual. This psychological discomfort can cause irritation, insecurity, passivity and a fall of performance and efficiency, which can impair the performance of an expatriate whilst on their international mission (CHILD; N.G; WONG, 2002; TANURE; BARCELLOS; FLEURY, 2009; KUBO; BRAGA, 2013).

In addition, psychic distance can be a decisive factor influencing the choice or the country in which the company will expand its market. As discussed by several authors, companies depart from the basic assumption of starting processes of internationalization in markets or countries with less psychic distance (JOHANSON; VAHLNE, 1977; HEMAL; HILAL, 2004). There are several psychic distance settings, as shown in the following table (1).

<table>
<thead>
<tr>
<th>Author</th>
<th>Definitions</th>
</tr>
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<tbody>
<tr>
<td>Beckerman (1956)</td>
<td>First to use the term psychic distance. Defined it as the perceived distance between countries and their consequences for international trade.</td>
</tr>
<tr>
<td>Johanson and Wiedersheim-Paul (1975)</td>
<td>Defined it as the factors that impede or disrupt the flow of information between firms and markets.</td>
</tr>
<tr>
<td>Johanson e Vahlne (1977)</td>
<td>As the set of factors that impede the flow of information to and from the market.</td>
</tr>
</tbody>
</table>
Ford (1984) | The extent to which the values and norms of two companies differ because of their distinct national characteristics.
---|---
Fletcher and Bohn (1998) | Defined as the way in which the individual sees the world.
Evans, Treadgold, and Mavondo (2000) | Defined as the way the mind processes information about the environment and as the distance between the domestic market and foreign market, resulting from the perception and understanding of cultural differences and business.
Teixeira, Silva and Lessa (2009) | The sum of variables that make trade relations of industries in different markets possible (or not).

Table 1: Main definitions of psychic distance

Source: Prepared by the authors

As seen in table 1, there seems to be no consensus on the definition of this concept, but in most cases there are references to the idea of degree in its definition. It can be said, therefore, that the psychic distance between two countries is for example high or low.

In addition, it should be noted that the prevalence in general terms of Evans, Treadgold and Mavondo’s (2000) view. These authors state that the distance between the domestic market and foreign market resulting from the perception and understanding of cultural differences and business can be understood as psychic distance. Such differences addressed include legal, political, economic factors, market and industry structure, business practices, and language.

Dimensions of psychic distance

The following subsections show the three dimensions that allow us to understand (according to the literature reviewed) the construct of psychic distance, which are: cultural, business, and macro environment.

Cultural dimension

The cultural dimension evokes the presentation of research on another important ideas within this article that are cultural in national and organizational terms. Culture is a collective mental program that distinguishes and separates the members into groups and categories with each other based on their different characteristics. This mental program causes a group of individuals to behave in the same way. Culture manifests itself in its most profound and invisible form through the values, and is superficial and visible through symbols, heroes, and rituals (HOFSTEDE, 2001).

Groups and categories are understood (among several possible classifications) separately as a country with regard to their predominant cultural characteristics. The members of each country form distinct groups based on each of their mental program. The dominant cultural standards of a nation are marked by a system of values held by the majority population group (HOFSTEDE, 2001).
Culture can also be defined as a set of standards that determine the behavior and actions of man. It is the result of the learning from experiences of previous generations that seek to convey these standards to younger generations. This process of shared standards between individuals of a society inhibits or stimulates the creative action of the members (LARAIA, 1993; PLIOPAS; AGLI, 2003).

One of the most used concepts of organizational culture is presented by Schein (2004), who adopts the definition that organizational culture is a set of basic assumptions that a given group has invented, discovered, or developed in learning to deal with the problems of external adaptation and internal integration. Fleury (2007) defines organizational culture as a set of basic values and assumptions expressed in symbolic elements that have an ability to sort and assign meanings and build organizational identity, both acting as an element of communication and consensus, and conceal and instrumentalizing the relations of domination.

Organizational culture is comprised of various elements that contribute to the formation of values, beliefs, myths, norms, and taboos. These elements determine and direct the behavior of people and determine the behavior of organizations.

According Tanure and Duarte (2006), organizations that go into international markets may face significant challenges such as: understanding peculiarities of the other country (with regard to cultural patterns), analyzing consumer behavior, and verifying the institutional environment, among others. The degree of equality or difference from the country of origin of these organizations makes certain locations more attractive than others. Regardless of this level, the rules and organizational procedures cannot conflict with the values of the people, that is, it should maintain consistent management practices and culture of the host country, both at a national and organizational level.

When one considers the cultural dimension of psychic distance (also called 'cultural distance' or 'national distance'), it can be thought of as a key factor to the perception of cultural and business differences between markets (EVANS; TREADGOLD; MAVONDO, 2000). Rocha (2004) found in his studies that cultural differences are perceived as a major source of potential problems in international business.

**Business dimensions**

Under this dimension, psychic distance is seen in the dynamics of business between companies. This leads to the development of internationalization theories that help explain this dimension from the mode of entry, the relationship between organizations, and the way business is conducted.

However, the development of these theories indicates a variety of directions (MELIN 1992; SHARMA; ERRAMILLI, 2004). In short, the theories of internationalization claim to explain what factors lead companies to act in international markets (Dunning, 1988), the mode of entry of companies in these markets, and the relationship established between the organizations involved in this context (VERNON 1966; JOHANSON; VAHLNE, 1977; JOHANSON; VAHLNE, 2009; BARNEY, 2011).

The studies can be divided roughly into two lines of research: (i) the economic approach and (ii) the behavioral (DIB; CARNEIRO, 2006; ROSA; RHODEN, 2007). The first approach analyzes the process of internationalization from the perspective of maximizing economic
returns, including the Theory of Product Life Cycle (VERNON, 1966) and the Eclectic Paradigm (DUNNING, 1988). The behavioral approach deals with factors related to decisions based on the perception of risk and degree of uncertainty that could influence a company's commitment to foreign markets, which are represented mainly by the School of Uppsala (JOHANSON; WIEDERSHEIM- PAUL, 1975; JOHANSON; VAHLNE, 1977) and the Theory of Networks (JOHANSON; VAHLNE, 1977).

Therefore, it became important to seek a theoretical framework that could relate psychic distance to internationalization. Hemal and Hilal (2004) compiled the main theories of internationalization of these two lines of research and showed that the Uppsala School (also known as "Uppsala Theory") is the only theory that clearly expresses the link between the internationalization process and the construct of psychic distance. According to this theory, the internationalization of a company occurs in a gradual manner, starting from countries that are closer culturally, because it mitigates differences that hinder business. Moreover, this theory proclaims that commitment in the process of internationalization also occurs gradually, thus requiring greater knowledge of the foreign market to consolidate (JOHANSON; VAHLNE, 1977; HEMAL; HILAL, 2004). As soon as a company begins exporting from its home country to a foreign country (the initial stage) a certain knowledge of local contacts can lead to new forms of more compromising entry, such as licensing, which requires a contract with a local partner, opening of commercial offices, and finally FDI, in order to open or install a unit or production plant (JOHANSON; VAHLNE, 1977).

Many authors claim that the Uppsala Theory is unable to explain (based on the timeline) the steps of internationalization of certain companies or sectors of the economy. Borini, Polizelli, Prado, and Melo (2006) believe that gradualism in steps of internationalization should not be a rule, as the Uppsala Theory does not recognize that the steps can be influenced by the growth rates of certain markets.

Thus, under this dimension, psychic distance is studied using the approach adopted by the Brazilian company (economic / behavioral) and its modes of entry into a chosen foreign market. Thereafter, challenges of business practices, negotiations, and relations with locals emerge as facets are to be investigated to identify the degree of psychic distance between the foreign market and the market of the country of origin.

**Dimension of the macro-environment**

To understand the psychic distance more broadly, several authors (JOHANSON; VAHLNE, 1977; HILAL; HEMAL, 2002) considered macro environmental variables which constitute another dimension of psychic distance. To understand the concept of the macro environment dimension, it must account for aspects such as the economic, political, legal, sociocultural, technological, and demographic of a country or foreign market. These factors also include language, institutional and educational contexts, and different levels of industrial development.

When deciding on internationalization, the company can choose different modes of entry that result in the influence of this dimension in psychic distance. Among the highlighted modes are: (i) exports, with the organization's location and administration located in their country of origin; (ii) licensing, with the location outside the country of origin and contractually controlled, and (iii) direct investment, with the organization localized and administratively controlled outside the country of origin (BUCKLEY; CASSON, 1998).
Knowledge of this dimension becomes necessary, because when an organization operates with a focus on the domestic market, one of its concerns lies in competitive factors that determine its success, but it is often oblivious to changes in the external environment, especially with issues related to the foreign macroeconomic environment. The level of complexity of the economic, cultural, political, and technological aspects in foreign markets will be determined not only by the development of new business opportunities abroad, but mostly by the degree of uncertainty and consequently the performance of risk perception (ANDERSEN 1993; KEEGAN; GREEN 1999).

Thus, the dimension of the macro environment involves the patterns of economic development, infrastructure, growth, and market saturation that should serve as a "thermometer" for organizations. Regarding cultural aspects, it is crucial to know the buying habits of consumers, business and national values, and ways of doing business (STONER; FREEMAN, 1995).

Identifying opportunities and threats, and seek information about the destination country's macro-environment, are significant aspects that represent knowledge for the organization in international markets (JOHANSON; VAHLNE, 1977; ANDERSSON; JOHANSON; VAHLNE, 1997; HILAL; HEMAL, 2001; WHITELOCK, 2002) and constitute the most important dimensions of psychic distance.

**Psychic distance and expatriation**

An individual perceives the world from a view influenced by stereotypes and cultural aspects, and this results in the perception of distance between one's home country and the foreign (SILVA; ROCK; FIGUEIREDO, 2007). In addition, there is the assumption that individuals from the same organization, given the process of socialization in a firm, can share the same view of a foreign country, even when embedded in different cultures and histories, as claimed Silva, Rocha, and Figueiredo (2007).

Knowing that this article's object of study was to identify Brazilian expatriate's perceptions of psychic distance, it is relevant to see what the literature discusses in relation to this perception. According to Krech and Crutchfield (1973), perceptions are produced through human knowledge associated with physical stimulus that determines the way a man/woman sees the world.

The perception process begins with attention to a selective observation process, i.e., the observations of an individual. This process causes the individual to realize some elements to the detriment of others. Thus, there are several factors that influence the attention, which can be grouped into two categories: internal factors that relate to the individual's own body; and external factors that are themselves the environment. Regarding the expatriate, these internal factors correspond to the organizational culture and the external factors of the host country's culture. Correlating the concept of perception with organizational culture, Motta (2006) indicates that the key factor to differentiate the perception of culture between companies is the national culture. The beliefs, basic assumptions, customs, values, and artifacts present in the organizational culture are always covered with their pairs in the national culture. Organizational culture consists of internally shared core values within an organization, and to understand the organization's culture, a prior understanding of national culture is required (MOTTA, 2006), which in this case is the culture of the country where expatriates are received. The study of the confrontation between the individual (expatriate) and a new organizational and national culture of the host country is treated
as a major theme in the field of IPM (TANURE; EVANS; PUCIK, 2007; LIMA, 2009; FREITAS, 2000; KILIMNIK, 1999).

This occurs because the failure of expatriates in their international posts has an organizational, personnel, and economic cost. For these failures not to occur, one must implement an efficient process of internal selection to identify the most suitable candidates for these positions. Thus, according to Bartlett and Ghoshal (1992), companies not only need to increase the group of internal candidates, but also establish criteria to select those with the greatest chance of success. Furthermore, the need to monitor and provide organizational support to expatriates in host countries to mitigate and even overcome the psychic distance (and successfully fulfill their mission) also depends on the success of the process of internationalization. This is because the entrance into an unknown culture tends to generate a psychological discomfort for the newcomer, which in this case is the expatriate. Investing in adaptation or intercultural adjustment is paramount due to the fact that this imbalance can compromise the performance of a professional expatriate (CHURCH, 1982).

Because of this, there is a great deal of traditional research that determines factors that affect the internationalization process and that inevitably permeate the construct of psychic distance (ROCHA, 2004). In general, these factors can be both objective and subjective, and associated with characteristics of the executives, the company features, and variables between firms and their foreign partners. Therefore it becomes important to identify factors that compose the psychic distance, which according to Rocha (2004) are:

i) Perception of people, including communication, language, and relationships with locals;

ii) Perception of the business environment that includes ways of doing business (product characteristics, distribution channels, business practices, among others), consumer expectations, and product quality;

iii) Perception of the macro environment, including market maturity (Competitive prices, competition activities), the economic system (economic development and stability), and regulatory systems (labor laws, unions, and credit rules).

There are three perceptions (people, business environment, and macro environment) that somewhat resemble the size of the psychic distance (cultural, business and macro environment), as presented earlier in the literature review. These three insights are divided into several elements that represent themes of the daily reality of expatriates, such as communication with local people, relationships, business practices in general, and the economic and institutional environment. The consistency and frequency with which such elements appear in the literature endorsed the choice of these references for the formation of the categories, themes, and even the guide for the interviews in this article. The next section will address these methodological aspects.

**Methodology**

This research is of a qualitative nature. Richardson (1999) states that this approach allows us to understand in great detail the meanings and characteristics of the situations that are presented by the respondents (in this case, professional Brazilian expatriates), and their perception, regarding the psychic distance in the process of internationalization. Thus, there is not quantitative measures of characteristics and behaviors, but we tried to treat the same in a qualitative way, since one cannot quantitatively (MINAYO, 2009). In addition, this research was
characterized by its inductive approach, having its main objective aimed at understanding people and situations.

This research is classified both as exploratory and descriptive. It is exploratory since it aimed to provide greater familiarity with the problem, namely (Gil, 2009), the perception of expatriates with regard to psychic distance, and descriptive, because it is implied in the description of the characteristics of a given population or phenomenon, as Gil explains (2009).

Adopted as a data collection technique, the semi-structured interviews aims for a detailed understanding of the beliefs, attitudes, values, and motivations of people in specific social contexts (Gaskell, 2002). Each interview lasted an average of 70 minutes. All interviews were conducted in Portuguese and later every interview was transcribed from audio recordings. The interviews took place in expatriates’ workplaces, in restaurants during lunch, and in the case of two respondents, in their own homes. One interview took place via Skype, given that the expatriate was still in the host country. The names of companies and respondents are confidential.

To justify theoretically the issues of the interview guide, it was divided according to the three dimensions of psychic distance, namely issues relating to culture (communication, language, and relationships), the business environment (ways of doing business, consumer expectations, and product quality), and the macro environment (market maturity, economic system, and regulatory system). Additionally, we included three general issues covering the process of internationalization.

The criteria used for the selection of respondents were: of Brazilian nationality; an expatriate professional, having lived abroad for at least one year; have returned to Brazil for a maximum of five years to preserve data and recent reports; belonging to a Brazilian multinational or a foreign multinational with operations in Brazil. The strategy adopted to define the number of interviews in the case of this research was done on the principle of saturation, where responses and perceptions start to get repetitive in terms of similarity of ideas (Godoi; Mattos, 2006).

The interviews were transcribed in detail, aiming to categorize the responses to establish a data analysis. This technique of "content analysis" that, according to Bardin (1977), consists of a set of methodological tools that apply to diversified speeches in order to obtain indicators for performing logical and justified deductions concerning the origin of the messages.

To define the categories, codes were identified from the quotes. These codes refer to the theme or abstract idea of those quotations, and later, these codes were organized, quantified, and put into categories. After doing the coding, microanalysis of data, identification, and validation of categories, content analysis was proposed as the next step to quantify the frequency of a particular topic or response, and thus indicating their relevance and importance to the topic (Dellagneolo and Silva, 2005).

Bardin (1977) states that the categories bring together a group of elements under a general title because of the common features among them. Thus, the objective categorization provides a simplified representation of the raw data and turns them into organized data, using the semantic criterion, the lexicon, synthetic or expressive (Bardin, 1977).

25 interviews were conducted, one of which had to be rejected as the respondent had returned to Brazil for more than five years after their expatriation period, which is in conflict with the criteria used for the selection of respondents. Thus, from 24 respondents, 23 had experienced
the process and 1 was still experiencing expatriation, allowing us to acquire reliable empirical data and obtain saturation.

Table 1 shows the socio-demographic data of respondents. The male sex was slightly more represented with 13 respondents; the age range had 10 respondents between 20-30 years and 13 respondents between 30-40 years; marital status, where the majority were single people (11); time in the host country, where the majority was concentrated in the range between 1 and 2 years (22); time of return after expatriation, with a criteria of within 5 years; and finally, the host country, where developed countries were the most common destination.

<table>
<thead>
<tr>
<th>Data</th>
<th>Number of expatriates (total: 24)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
</tr>
<tr>
<td>Masculine</td>
<td>13</td>
</tr>
<tr>
<td>Feminine</td>
<td>11</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>10</td>
</tr>
<tr>
<td>30-40</td>
<td>13</td>
</tr>
<tr>
<td>40-50</td>
<td>1</td>
</tr>
<tr>
<td>&gt;50</td>
<td>0</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>11</td>
</tr>
<tr>
<td>Married</td>
<td>9</td>
</tr>
<tr>
<td>Divorced</td>
<td>4</td>
</tr>
<tr>
<td>Time in the host country</td>
<td></td>
</tr>
<tr>
<td>1-2 years</td>
<td>22</td>
</tr>
<tr>
<td>3-4 years</td>
<td>1</td>
</tr>
<tr>
<td>&gt;5 years</td>
<td>1</td>
</tr>
<tr>
<td>Time elapsed after the return from expatriation</td>
<td></td>
</tr>
<tr>
<td>1-2 years</td>
<td>13</td>
</tr>
<tr>
<td>3-4 years</td>
<td>10</td>
</tr>
<tr>
<td>Had not returned by the time of interview</td>
<td>1</td>
</tr>
<tr>
<td>Time in the company</td>
<td></td>
</tr>
<tr>
<td>1-3 years</td>
<td>2</td>
</tr>
<tr>
<td>4-6 years</td>
<td>9</td>
</tr>
<tr>
<td>7-9 years</td>
<td>8</td>
</tr>
<tr>
<td>10 years or more</td>
<td>5</td>
</tr>
<tr>
<td>Host country (destination of expatriation)</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td>Argentina</td>
<td>1</td>
</tr>
<tr>
<td>Belgium</td>
<td>1</td>
</tr>
<tr>
<td>USA</td>
<td>4</td>
</tr>
<tr>
<td>France</td>
<td>1</td>
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<tr>
<td>Netherlands</td>
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<td>United Kingdom</td>
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<tr>
<td>Japan</td>
<td>1</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
</tr>
<tr>
<td>Poland</td>
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</table>
In order to obtain differentiated information, we attempted to interview people who worked (or were working) in different sectors and areas, ensuring the diversity of profiles and contexts of respondents. In addition, to ensure differentiated information, we sought to interview people who worked or were working on different continents, such as America, Asia and Europe, thus resulting in a better view of the individual characteristics of each country, as well as validation of the research.

Presentation and discussion of results

The content analysis of 24 interviews resulted in eight categories that correspond to the categories presented in the literature review section, except for the category "difficulties in the process of internationalization", which emerged as something new. Table 2 gives an equivalence between the categories of this research, arising from the content analysis and the categories presented in the literature review section.

<table>
<thead>
<tr>
<th>Categories arising from the content analysis</th>
<th>Categories arising from the literature review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptation to communication</td>
<td>Cultural dimension (CD)</td>
</tr>
<tr>
<td>Adaptation to local culture</td>
<td></td>
</tr>
<tr>
<td>Adjustment to consumer demand</td>
<td>Business dimension (BD)</td>
</tr>
<tr>
<td>Adjustment to business practices</td>
<td></td>
</tr>
<tr>
<td>Adjustment maturity of the local market</td>
<td>Macro environment dimension (MD)</td>
</tr>
<tr>
<td>Adjustment to the economic system</td>
<td></td>
</tr>
<tr>
<td>Adjustment to the regulatory system</td>
<td></td>
</tr>
<tr>
<td>Difficulties with the expatriation process</td>
<td>No equivalence - new category</td>
</tr>
</tbody>
</table>

Table 2: match between the categories of psychic distance

Source: Authors

From Table 2, the categories arising from the psychic distance are in three dimensions (CD, BD and MD), a construct presented in the literature review section. These dimensions emerged naturally from the content analysis of the quotations from expatriates and returnees. The codification of the quote and how often it appeared in the interviews also allowed an analysis of the strength of each category in this research.

Regarding the cultural dimension (CD), it was found that the psychic distance is manifested by discomfort with the language, human relations, rigidity in processes and schedules, and the closed and reserved culture of non-Latin countries. We observe an initial estrangement as respondents in the host countries reported expressions of "coldness" and "lack of warmth", seeming to reinforce the perception that the psychic distance is high and affects the daily lives of expatriates.
In relation to the business dimension (BD), the data shows that there seems to be a mix of comfort and discomfort among respondents regarding the host countries’ business practices. The comfort comes when expatriates seem to identify with the transparency, objectivity, and focus of the business environment of the host countries, which are mostly developed countries. But the discomfort occurs when respondents mention the difficulty of making friends in the workplace and the lack of the "Brazilian way" that facilitates negotiations and makes processes more flexible. Therefore, in the business dimension, respondents seem to indicate an average psychic distance.

Regarding the size of the macro environment dimension, we also observed a balance between comfort and discomfort on the part of respondents in the content analysis of their responses. Respondents indicated that they feel uncomfortable with the excessive bureaucracy, restrictions of the distribution channels, the rigidity of laws, and strength of the unions, but on the other hand, they appreciated the stability of institutions, economic development, and ethics in competition. Here, an average psychic distance among respondents is also observed.

For the category "difficulties in the expatriation process", the respondents showed a high degree of discomfort with IPM policies of their respective companies that apparently intensified the psychic distance. Complaints about the lack of support from the company, disregard for the expatriates’ family, lack of training, and lack of support in day-to-day issues, such as credit cards, health insurance, and precarious repatriation are all found in the data. Note that this category had the highest number of quotations, indicating their weight within the analysis.

Table 3 presents the research categories arising from the content analysis and the dimension of the equivalent psychic distance in brackets, based on the literature review. There is also the presentation of the relevant codes of each of the categories, indicating the respective frequencies that they appeared during the interviews.
perceived the division between friendship and co-worker in the host country (17); The highly institutionalized and formal environment, without the "Brazilian way", looks good on the one hand and on the other presents difficulties with negotiations (7); Lack of flexibility in business with respect to amount, term and processes in the host country of the environment (5)

| Adjustment maturity of the local market (BD) | Excessive red tape (5); The distribution channels were more targeted (3); Good business practices with emphasis on the quality of products and service were perceived as factors for local consumers’ decisions (14); Stability and respect in competitive practices (11); |
| Adjustment to the economic system (MD) | The stability and the level of economic development of the country helped the business (23) |
| Adjustment to the regulatory system (MD) | Labor laws and rigidity in legal aspects were evident in the business environment (15); Outstanding performance of the unions and association of workers (13) |
| Difficulties in the expatriation process | IPM policies of companies prepared the expatriates for the challenge of living abroad (21); shortcomings regarding the expatriation and repatriation process by companies (20); shortcomings regarding training in relation to language skills, the host country’s characteristics, and lack of concern for the family unit (18); Recognition of experience gained in the expatriation process (14); Respondents who gained promotion during expatriation and repatriation (13); Lack of support from the company during the expatriation period, regarding health care plan and the use of credit cards (12); Lack of business organization in the preparation of procedural aspects, e.g., passport, visa, and reception of expatriates in the host country (9) |

Table 3: Categories of psychic distance and their respective codes
Source: prepared by the authors

The categories related to the cultural dimension (adaptation to communication and adaptation to the local culture) and the difficulties in the expatriation process indicated a high psychic distance for expatriates. According to Rocha (2004); Laraia (1993); Pliopas and Agli (2003); Tanure and Duarte (2006), the cultural dimension is crucial to psychological well-being in an expatriation process and can affect the perception of psychic distance. This also occurred with the difficulties in the expatriation process, which according to Tanure, Evans, and Pucik (2007), Freitas (2000), Kilimnik (1999), Kubo and Braga (2013), Tanure, Barcelos, and Fleury (2009), also intensifies the psychic distance, preventing the flow of information, adding to the precarious condition of expatriates in the host country, and negatively impacting expatriate performance.

The categories related to the business dimension (adjustment to consumer demands, adjustment to business practices, and adjustment to the maturity of the local market) and the macro environment dimension (setting the economic and regulatory system) indicated an average psychic distance among the interviewees. This is probably due to the fact that the host countries is more developed, allowing them to obtain access to cheaper capital, greater stability, and infrastructure and economic development, which facilitates business internationally (EVANS; TREADGOL; MAVONDO, 2000; VERNON, 1966; JOHANSON; VAHLNE, 1977; BLACK; MENDENHALL; ODDOU, 1991; HILAL; HEMAI, 2001; CHILD; WONG, 2002). However, the discomfort related to the business dimension and the macroeconomic environment has to do with apparent the difficulty of respondents in inflexible and highly assertive work environments (KUBO; BRAGA, 2013; LIMA, 2009; HOFSTEDE, 2001). In addition to rigidity, excessive bureaucracy and union strength also reinforced the perception of distance between markets, which Rocha (2004) had already identified in his study of psychic distance.
Conclusion

This study aimed to identify Brazilian expatriates’ perceptions of psychic distance, since it is an important construct to understand the challenges of internationalization from emerging countries like Brazil. There is lack of research dealing with the psychic distance and Brazilian expatriates, since internationalization of Brazilian companies is relatively recent, thus making this research relevant.

Responding to the research question, the perceptions of Brazilian expatriates in relation to the psychological distance is high in relation to the “cultural dimension” and “difficulties in the expatriation process”. The "difficulties in the expatriation process" intensify the perception of psychic distance to high, while the business and the macro environment dimensions show a median psychic distance.

Overall, respondents showed that little has been done to mitigate the effects of psychic distance by IPM policies and practices, and this issue does not seem to have received the attention it deserves from their organizations.

Most of the theories explaining internationalization come from developed countries and there is still little research or theories generated by emerging countries like Brazil. In this sense, the present study helps to reflect on Brazilian expatriates’ challenges regarding the psychic distance. By identifying the dimensions of psychic distance, those most felt by Brazilian expatriates, this article helps to alert organizations to matters that should be observed in their practices, support, and conduct of IPM. This article also helps to emphasize the importance of IPM in the field of internationalization, since people management subsystems change in international contexts and staffing policies, such as expatriation, become increasingly important.

Despite the limitations of the sample, and biases of respondents (who could have shown some fear of providing information about their experiences), it was observed that the results obtained can serve as a basis for future research of a qualitative or quantitative nature. Furthermore, other qualitative and quantitative studies to further validate and compare expatriates’ perceptions about psychic distance between different emerging countries can help establish new theories on the subject.
References

PSYCHIC DISTANCE IN THE PROCESS OF INTERNATIONALIZATION


DISTÂNCIA PSÍQUICA NO PROCESSO DE INTERNACIONALIZAÇÃO: A PERCEPÇÃO DOS EXPATRIADOS BRASILEIROS

Resumo: O objetivo deste artigo é identificar a percepção do expatriado brasileiro em relação à distância psíquica no processo de internacionalização. Apesar de o conceito de distância psíquica estar sendo explorado na literatura para a análise dos processos de internacionalização de empresas, recentemente é que pesquisadores começaram a analisar a sua influência sobre os processos de expatriação. Para este fim, foi feita uma revisão das pesquisas sobre distância psíquica e internacionalização de empresas, bem como dos processos de expatriação, que são diretamente influenciados pelo desafio da distância psíquica. Foram identificados, por meio de 24 entrevistas, as percepções dos expatriados brasileiros acerca da distância psíquica, em que se observou que a distância psíquica tende a ser alta para a dimensão cultural e mediana para as dimensões de negócios e do macroambiente na amostra pesquisada. Além disso, as dificuldades no processo de expatriação tendem a intensificar a percepção de alta distância psíquica para os expatriados brasileiros.

Palavras-Chave: Distância Psíquica; Expatriação; Internacionalização; Gestão de Pessoas Internacional

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