

The Value of Decision Making A LatAm Perspective



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Introduction

Understanding our Qualitative Findings

In the second half of 2023, Kingsley Gate conducted in-depth conversations with over 35 senior executives and board members across 11 Latin American markets (Brazil, Mexico, Colombia, Venezuela, Peru, Chile, Argentina, Panama, Guatemala, Honduras, and the Dominican Republic). Our interviews not only confirmed the validity of the findings from our quantitative study with FT Longitude of the Financial Times Group (published earlier this year) but also elaborated on a number of driving forces, nuances, and exceptions to these findings.

Overall, we found that most senior executive participants not only believe that decision making is both a critical component of any leader's mandate, but also that decision making does tend to look slightly different in a Latin American context. Most agree the path to improving a company's decision effectiveness is through "human-centric" factors more so than data, process, and technology, and many are satisfied with their current roles and decision-making environments. There is a consensus that Latin American organizations are more creative in decision-making, but opinions vary on contributing factors to this creativity.

The idea of "gut feeling" and its contribution to decision making generated rich discussion and debate, with various perspectives represented herein.

Some executives emphasized that there are several other critical areas that have a direct impact on decision making, including culture, values, and strategy. Ultimately, they argued that decision making is a product of these key success factors, rather than the other way around.

As we shared the results of the study with a group of senior leaders in Mexico, it became clear that many executives are looking for the optimal approach to making decisions. The truth is, however, that many times there is no "best way", it's just a matter of how each problem needs to be approached and/or which style is best for a given organization.



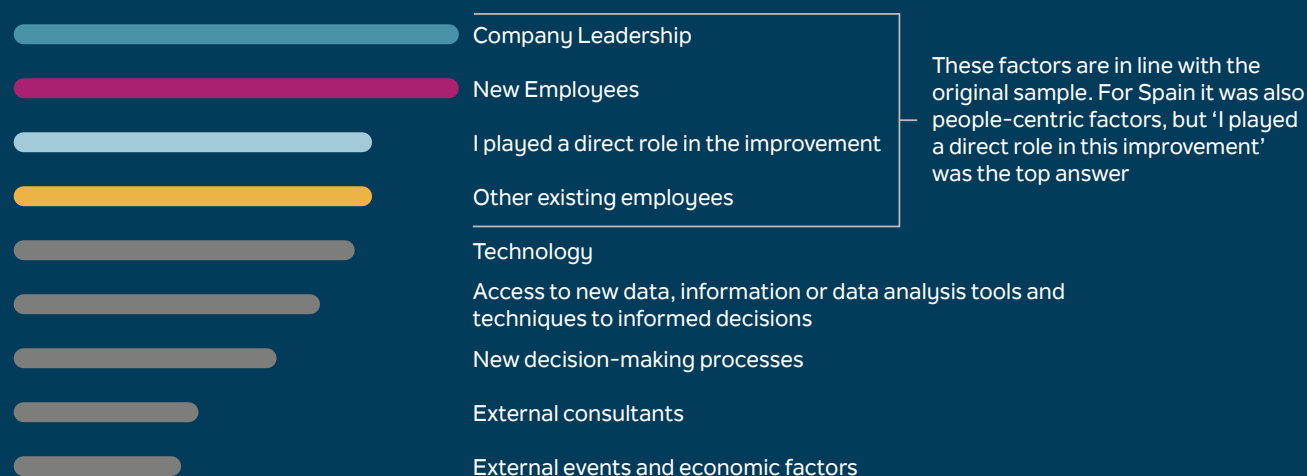
The key is to be intentional that one is even making a decision in the first place,” one of the executives concluded, “that makes this is one of the most interesting pieces of research we’ve seen in recent years.”

Human-Centric Factors

Senior executives were asked to reflect on the improvement in their organization's decision making during their time at the company and consider what has played the biggest role in driving this improvement. The most influential factors were company leadership and new employees. These were followed by their own personal, self-reported impact, and then by other existing employees.

These people-centric factors rank ahead of technology, processes, data-analysis tools, and economic factors – a trend also reflected in other international markets.

Company leadership and new employee followed by their own personal self-reported impact and other existing employees are the top factors in improving decision making capabilities



Source: "Has Latin America found the missing piece in executive hiring?" Published by Kingsley Gate in conjunction with FT Longitude of the Financial Times Group. October 2023.

Question asked: Where the ability to make decisions has improved: which of these factors do you consider to be the most powerful today?

Overall, most interview participants agreed strongly with the idea of "human-centric" factors being more influential than levers such as data, process, and technology when it comes to driving a company's decision-making improvements.

Many characterized levers like data and technology as "tools", powerful if placed in capable hands but otherwise inert. One senior executive from Peru stated, "Numerical conclusions really depend on how they're interpreted and how they focus or alter the course of the decision-making... decisions can be spot on or fatally wrong, but the underlying data may be the same. So, it's the people making them matter," emphasizing the role that people play.

Another executive from Brazil shared, "For me, the most important factor continues to be people [...] the best decisions are made by humans. With the development and improvement of technologies, I believe this situation can change." An executive from Peru put it simply: "People above all when it comes to decision-making processes, the rest are tools: no more, no less." A senior leader from Argentina referred to transformation, the idea that information is a raw ingredient, but only a capable executive can transform it into a decision made with conviction.

“In the coming years, access to technology will end up being a commodity,” a senior executive from Argentina said, “but the capabilities of smart leaders who can bring their companies to the next level, that’s irreplicable.” An executive from Brazil added,



I consider AI and analytics excellent enablers for good decision making, but that doesn’t help if the structure for decision making isn’t rational,

emphasizing the duality of decision making with technology.

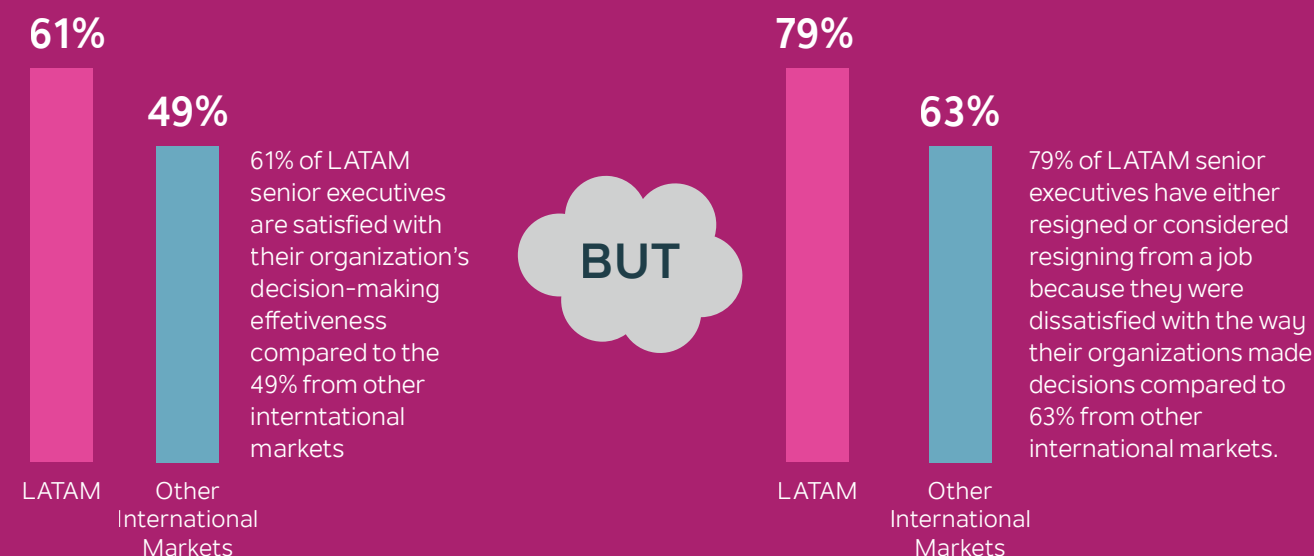
For many, internal data was just one source. The idea that senior executives need to triangulate their methods by speaking to customers, competitors, governments, etc., was a repeated theme.

One concept that really stood out was the idea that each decision is different and therefore requires a different set of inputs, considerations, and levers. An executive leader from Colombia stated, “Each decision-making event is different because it operates in a distinct context, situation, or an evolving environment. In many cases, the analysis of figures isn’t everything – at least not relative to insights that come from various stakeholders.” The idea here being that different levers will actually improve decision making differently depending on what the decision to be made is.

Satisfaction and Resignation

Our findings reveal some stark differences between LATAM and the rest of the world. For senior executives in LATAM, satisfaction with their organization's decision-making processes is more than 10 percentage points higher than in other regions.

Despite this, the majority (79%) have either resigned or considered resigning at some point in their careers because they were dissatisfied with the way their company made decisions, compared to 63% of senior executives from other international markets.



Source: "Has Latin America found the missing piece in executive hiring?" Published by Kingsley Gate in conjunction with FT Longitude of the Financial Times Group. October 2023.

Question asked: Have you experienced the same thing? Why do you think this contradiction was generated?

Many interview participants felt a high degree of satisfaction in their current roles and decision environments. For some, this was the result of careful consideration of the company, team, and remit before accepting their current job. One executive from Brazil shared their experience by stating, "I have always felt empowered to make decisions, whether through the process or my style and that of the organization where I worked. Probably this is because I carefully analyzed the choice of where I was going to work."

Nonetheless, some realize they need to change things, as one executive from Venezuela put it, "We are changing our decision-making processes to empower executives, we realized that we didn't have good processes in place." Another executive from Panama described the pandemic being a catalyst for the need to change, "The pandemic effect has hit executives hard, they have woken up and questioned the decision-making process, so many are resigning. Executives have migrated from a "yes sir" to being questioners of the decisions made."

Some certainly did experience the need to resign as a result of frustration with decision making. One senior leader from Colombia expanded this further by saying,



In my case, I did resign exactly because we didn't have alignment in our decision-making processes. We weren't acting in the company's best interests, we were making hugely erroneous decisions because we weren't focused on the company's best interests, we were thinking about our own personal agendas. In this scenario, a CEO always has to consider resigning, because, in this case, her or his ability to make decisions is compromised, and the value of their work becomes ambiguous.

- A senior leader from Colombia.

Some pointed out that empowerment can be performative and not authentic, which would not only cause friction but also cause mixed results around satisfaction. "Executives get autonomy, but for irrelevant things," said a senior executive from Peru. "This is theoretical - not real - empowerment, and as a result, executives are more sensitive and may be even more inclined to resign." Another executive from Brazil added, "Decisions are taken not allowing senior executives to participate. I do receive resignations from employees due to feeling they are too senior to play the role of executing and not acting strategically and resign telling us that the company should have junior people that are open to execute only."

A recurring theme was the difference between multi-nationals and local companies, with the former sometimes resulting in the need for more approval/less latitude. This was referenced in at least eight interviews. An executive from Colombia said, "I think we have to separate responses for national vs. multinational companies. In a national setting, people have an extremely high level of autonomy and empowerment to make decisions." While another senior executive in Brazil said, "In multinationals, strategic decision-making doesn't usually take place here, but at headquarters. Local executives manage costs and risks more than strategic decision-making."

There was substantial commentary around seniority, with the senior-most leaders tending to be more satisfied and mid-level executives (who still need to make decisions) being a bit more frustrated. A leader from Venezuela described his journey by saying, "at the beginning of my career, I was dissatisfied because I didn't have the ability to make decisions, but as I matured, I came to accept and agree with the rules of the game as it relates to the process of making decisions."

Some leaders believed there was a difference between executive satisfaction with how others make decisions at an organization vs. the empowerment or experience that that executive has her or himself. An executive from Brazil said, "Maybe the executives were comfortable with the way decisions are made, but they weren't involved themselves."

Different markets had their own perspectives on the impact of local dynamics. For example, an executive from Argentina commented that Argentinean companies tend to be a bit more risk tolerant. In Colombia, one executive noted that challenging external forces sometimes diminish the level of empowerment an individual executive might feel.

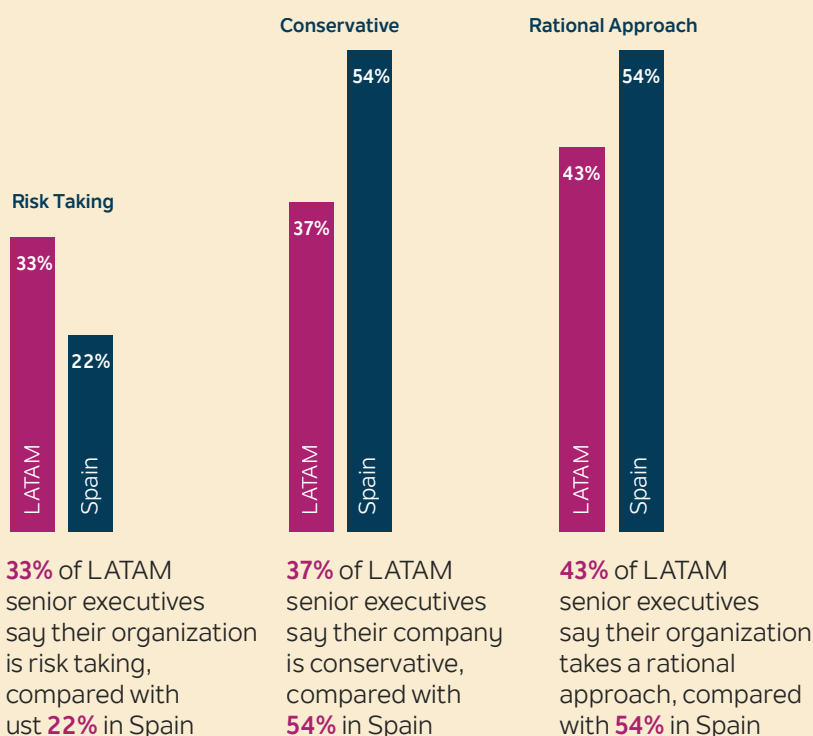
Lastly, some participants brought up the potential disconnect between executives wanting to make the decisions without being held accountable for the results. As an executive from Peru explained, "It could be that people want the power to make decisions, but they don't want to be responsible for the errors that result from poorly made decisions."

On Organizations' Decision-Making Style



The autonomy of LATAM's senior executives, especially those below C-level, could come down to a democratic decision-making style within organizations. Our research shows that LATAM organizations are more likely to have a democratic rather than a top-down decision-making style, whereas other international markets, including Spain, are more likely to say that they have a top-down style.

Spain's organizations are also more likely to take a rational and conservative approach to decision making:



Source: "Has Latin America found the missing piece in executive hiring?" Published by Kingsley Gate in conjunction with FT Longitude of the Financial Times Group. October 2023.

Question asked: To what extent do you agree with the following statements? That your organization's decision-making style is

Overall, there was consensus among participants that Latin American organizations are more creative than conventional in terms of their decision-making style. However, answers varied when discussing the factors that lead to this creativity.

Many of Latin America's executives suggested that their political and economic environment often forces them to be more creative in their decision making. An executive from Colombia described, "The very realities of our region force us managers to be more flexible, to innovate, and to be more creative. We have the challenges of consumption and macroeconomic behavior, but also others that are specific to our region, political issues that have a strong influence on results. In Latin America, the environment is very changeable, and ideological currents fluctuate. You are forced to have several plans."

Meanwhile, a senior leader in Brazil said, "I really think that the competitive market, the socio-economic difficulties, the population with less disposable income, and the context of economic-political-social uncertainty in LATAM brings the need for more agile companies, which reinvent themselves and take more risks, compared to other more mature markets."

Speed of change was a frequently-cited factor, with one senior executive in Argentina saying, "It is true that organizations in Latin America are more creative, but this is linked to the fact that changes are so fast in the region, there are always new factors to take into account when managing a company, and this inevitably leads to greater creativity and to think outside-the-box to find the best way to deal with new issues."

Other participants discussed creativity as a piece of Latin American culture and their differences, making them less conventional. For example, one executive in Argentina discussed this by saying, "Latin American organizations are less attached to procedures and processes than conventional ones, perhaps due to the Latin American cultural component of the people and the need to be permanently looking for solutions to the changing environment."



They are more inclined to look for changes and innovations, less bureaucratic as well. I do think they are more creative, I think they are more flexible. I definitely think that Latin Americans are much more resilient and adapt to changes.

- An executive from the Dominican Republic

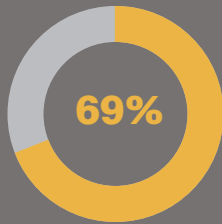
On the topic of Latin America being more democratic than top-down, the executives with whom we spoke had different perspectives based on their personal experiences. Some saw a more democratic approach as the result of communication styles and cultural norms around open discussion. An executive in Venezuela said, "I believe that this result makes sense due to the style of communication and culture that accompanies Latin American societies, multidisciplinary work groups tend to be formed more effectively, brainstorming is used as a tool, and listening is easier at all levels of the organization. There is a greater culture of open doors."

Others felt that it was specific for each location within Latin America and couldn't be holistically agreed on for the whole region. Even for individual countries, such as Argentina, perspectives differed dramatically, with one executive in Argentina saying, "Mexico is more top-down, but Argentina is definitely more democratic," and another saying, "in the case of Argentina, I consider companies to be much more top-down than democratic."

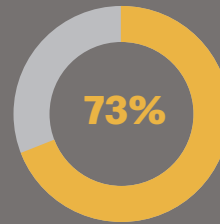
Intuition, Gut Instinct, and Data



Over two-thirds (69%) of LATAM senior executives say they rely on intuition or gut instinct to make decisions, compared to 60% from other international markets. This could be due to a lack of data. When asked to name the main factor in time wastage in decision making at their organization, 'lack of data' was a prevalent response, second to inexperienced decision-makers or poor leadership.



69% of LATAM senior executives say they frequently rely on their gut instinct when making decisions. Compared to 60% of the global study.



73% said that personal values and beliefs influence decision making. 83% in C-suite executives. Compared with 60% of the global study.

Source: "Has Latin America found the missing piece in executive hiring?" Published by Kingsley Gate in conjunction with FT Longitude of the Financial Times Group. October 2023.
Question asked: To what extent do you agree with the following statements?

Many executives with whom we spoke agreed with the idea of gut feeling having a role to play in executive decision-making but were divided on what causes it. For some, it was the lack of data that forced them to develop this instinct when making decisions, and for others, it was an experience which has given them better insight for future decisions. Several participants noted that,



gut feeling is key, and it is undoubtedly used a lot in the decision-making process, especially because in LATAM, access to data is very limited."

- A senior leader in Peru

Elsewhere, an executive in Colombia expanded by saying, "Leaving things to the last minute happens a lot. Under that scenario, people rely on instinct to make decisions, but it's dangerous." On the lack of data, an executive in Venezuela said, "In Venezuela, we are not used to making decisions with so much information. We tend to be more intuitive and agile according to the day-to-day."

One executive outlined the importance of past experience and information alongside instinct. "You can't make decisions based on instinct when you don't have the experience or the knowledge [...] There always comes a time when you make decisions based on instinct, and that's fine, but the important thing is to determine how much weight that instinct has and how much weight the rest has: knowledge, experience, information, etc."

As one leader in Brazil explained, "I believe that the experiences we live through form synapses and tactical knowledge in our minds, which we're not even aware we've created. Then there's an algorithm that leads us to decide in the absence of certainty." An executive in Mexico added, "LATAM is a more volatile and unpredictable environment than other geographies. Coming from there, instinct, which can be the expression of unconscious learning coupled with experience, still makes a difference."

The overwhelming majority of executives agreed that personal values hold significant sway in decision making in Latin America. One leader in Peru explained, "I find it impossible to separate personal values and beliefs from my decision making. I could not make decisions that were not in line with my values, and my values have to be aligned to those of the organization. Otherwise, I could not be in the organization." An executive from Brazil said, "Values are also a guide in decision-making, especially in a place like LATAM where we still see a lot of corruption or entities that incite corruption. And being aligned with values becomes important."

