

# Opportunities and Challenges For Latin American Companies in 2024

*By Karin Brandes*



The year 2024 represents a window of opportunity for Latin American companies. After the pandemic years and the economic recovery in the United States, regional GDP growth is expected to be between 2.3% and 2.5%, with Mexico and Central America leading the way. The decrease in interest rates opens up possibilities for investment in infrastructure and projects with attractive returns. However, taking advantage of this situation will depend largely on the management of human talent and the leadership styles adopted by companies.

According to a study conducted by Kingsley Gate and the Financial Times on decision-making processes, the incorporation of new employees and executives has been the main factor for improvement in many firms. But for them to bring innovation, they need to be given a high degree of empowerment and autonomy. Otherwise, they are likely to seek new horizons, as 79% of Latin American leaders have considered resigning because they do not feel sufficiently empowered.

However, empowerment does not imply absolute freedom. Executives ask for it so that they can be creative and democratically involve their teams, shareholders and board. Regional companies tend to be more democratic and creative than conventional, because of the scarcity of hard data to guide decisions. Hence the importance of combining the vision and sensitivity of the founders with the management skills of new executives.

In short, 2024 offers great opportunities for growth in Latin America. But not all businesses will be able to take advantage of them. The ability to attract and retain the right talent, along with modernizing leadership styles, will be decisive factors.



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## Window of opportunity for lower interest rates

The economic recovery in the United States and its increased interest in the region drive the expected growth of 2.3-2.5% in 2024, after the difficult pandemic years. Lower interest rates open a window of opportunity, for several reasons:

- Allows governments to promote infrastructure projects that have been delayed due to lack of financing.
- Facilitates equity investments in highly profitable companies. Private equity and venture capital find the potential return attractive.
- Reduces the opportunity cost of doing nothing and motivates to actively seek new opportunities.

# Human talent as a key factor

Taking advantage of the situation will depend on human talent management. A "war" to attract qualified profiles is foreseeable. The study with the Financial Times highlights the contribution of new employees and executives to improve decision making in companies. But for them to add value, they need autonomy and to feel empowered. Otherwise, they are likely to look for new directions.

Seventy-nine percent of regional leaders have considered resigning due to lack of empowerment. This contrasts with 62% globally, making it an aspect that is especially valued in Latin American culture.

## Democratic, not autocratic leadership

However, asking for empowerment does not imply absolute freedom. Executives ask for it so that they can be creative and involve their teams in decision-making. In fact, Latin American companies tend to be more democratic than those in other regions.

The scarcity of hard data forces a more creative and intuitive management. Therefore, it is key to combine the vision of founders and shareholders with the management skills of new executives to empower their teams. Empowerment well understood improves collective decision making.

## The challenge of aligning personal and corporate styles

There is an apparent paradox in the survey results: 62% of Latin American executives say they are satisfied with the decision-making process in their companies, but only 37% feel that the style is similar to their own.

This could be due to two reasons. On the one hand, companies are incorporating more innovative profiles, with different approaches to the existing culture. On the other hand, perhaps not enough attention is being paid to aligning styles during executive search and selection.

Whatever the cause, it is key to have open discussions about expectations and authority management. This is the only way to take advantage of the window of opportunity that opens up in 2024 and to properly manage the available talent.

In closing, Karin Brandes refers to a striking finding from the study with the Financial Times: 62% of Latin American executives say they are satisfied with the decision-making processes in their companies, but only 37% feel that the style is similar to their own. This could be due to two reasons.

On the one hand, companies are hiring more innovative profiles, with different approaches to the existing culture. On the other hand, perhaps not enough attention is being paid to aligning personal styles with those of the organization, both in the search for executives and in their subsequent integration.

In the end, taking advantage of current opportunities will depend to a large extent on properly managing talents, their motivations and their cultural fit with each company.

