

The Evolution of the Latin American CHRO

2023 Latin American CHRO Index



The chief human resources officer (CHRO) role in Latin America is becoming increasingly strategic. Historically, the mandate of the CHRO in the region was narrower, focusing on talent management in local markets, and the function was largely siloed. Today, however, HR leaders are key C-suite figures charged with navigating a competitive global talent market, economic and social uncertainty, the rise of technological advancements and continued recovery from the pandemic — all while many companies in the region expand their international footprints, requiring CHROs with a global perspective and cultural sensitivity.

So what does it take to succeed as a CHRO in the Latin American market? To answer this, we analyzed Spencer Stuart data on the backgrounds and expertise of the region's CHROs. We also interviewed a dozen regional CHROs to learn from their experiences. Three themes emerged from this research:

- » The CHRO as **connector** within the human system for transformation
- » The CHRO as **strategic business leader**
- » The CHRO as **tech-minded leader**

The transition from mere functional head to a strategic business leader is significant. To succeed, CHROs must be adaptable, flexible and able to address strategic business challenges, including talent management, international mobility and technology innovations.

5.9

average CHRO tenure
in years

48%

have experience outside of
the HR function

51%

were promoted from within
the company

49%

were hired externally

48%

are female

The state of play: The changing employer-employee dynamic

Workplace culture has changed dramatically over the past few years. Employees have different expectations of their employers, and more employers are adjusting how they engage with employees. Consider the topic of wellbeing. This rocketed to the top of CHRO agendas during the pandemic and became more relevant amid continuous economic and social upheaval in many Latin American countries. This landscape motivated HR leaders to examine their policies and procedures critically — especially when considering the bottom-line impact employee productivity can have.



The talent is in charge of deciding where they want to work and how much to work. They are also seeking more flexibility in terms of location and companies.”

MARÍA LUISA VELASCO

DIRECTOR OF TALENT AND DEVELOPMENT, GRUPO COPPEL

Interviewees

The authors wish to thank the many Latin America region HR leaders for sharing their invaluable insights for this piece: **Eduardo Amaral Marques, Jacqueline Balbontin Livi Betancur, Izabel Cristina Branco, Carlos Canzonetta, María Mercedes Carrasquilla, Karen Copete, Gonzalo del Río, Regina Durante, Martha Luz Echeverri, Gustavo Fernández, Guillermo García Avogadro, María Inés Gómez, Mey Ling Loo, Alejandro Mañón, Carlos Montalván, Diego Pérez, Federico Poo, Florencia Tiscornia, Lina Toro, Claudia Valdivia and María Luisa Velasco.**

“We have had to relearn a lot about our role and develop a perspective more focused on people’s overall wellbeing,” said Maria Inés Gómez, vice president of people, communications and social management at Molymet, a chemicals company. “We are reviewing all our HR processes to ensure they meet our expectations.”

With an increasingly competitive job market, anything employers can do to bolster retention and improve employee engagement and wellbeing is beneficial. The rise in remote and hybrid working gave employees more opportunities around how and where they worked, including internationally.

“What was taken for granted about the desire to work in organizations, with certain criteria and guidelines, flew up in the air,” said Carlos Canzonetta, HR director at Boldt, an IT company in Buenos Aires. “People began to rethink whether they wanted to continue working the way they had been working.”



We have been working on our talent structure and culture to offer a good value proposition, development paths and internal mobility elements, among other things. We want people to feel they can develop here, that their career horizon in the company is a little longer."

GUSTAVO FERNÁNDEZ
DIRECTOR OF TALENT AND CULTURE, BBVA

The growth of the global workforce also poses a severe challenge to CHROs and their organizations.

“With the political, sanitary and social situation in Peru, it is not as fluid as it was before to attract and retain foreign talent,” said Carlos Montalván of Grupo InterCorp. “Additionally, some young people who have studied or worked abroad before the pandemic and the current situation have also sought to leave. They found that they can also develop a career abroad, without the burden of the political and economic instability. These are cycles.”

Employees are also becoming more vocal about their desire to find purpose in their jobs. As Mey Ling Loo, CHRO of the Peruvian company Primax, put it, “They are not only looking for a place to develop a career but also a place that provides quality of life and balance.”

In response to this upheaval, employers are attempting to provide more targeted career development opportunities to attract and retain top talent, especially in competitive areas such as digital and tech.

“Today, we are bringing in younger, agile people that challenge, question and enhance things,” said one HR director in Mexico. “We are finding talent in other industries, but having the resources and attracting those people to our company is challenging.”

The new Latin American CHRO

Previously, “the HR role was not that visible and relevant,” said Gonzalo del Rio, CHRO of Falabella Retail Perú. But that perspective has changed. Now HR leaders are being pulled into conversations with executive leadership and are viewed as instrumental thought partners, helping companies achieve their talent management and other business goals.

So what does it take to succeed as a CHRO in the Latin American market?

The CHRO as the connector within the human system for transformation

Organizations are human systems that are constantly learning, changing and readjusting to work at their best and produce the expected outcomes. To make this ongoing transformation process intentional and successful, timely connections matter, and the CHRO is crucial. Effectively connecting multiple levels of that systems requires the ability to create the conditions for continuous alignment and readjustment between people and business, strategy and culture, routines and structure, behaviors and mindsets, and inward and outward looking.

Several of the CHROs we interviewed are seeking a closer relationship with their boards and CEOs to make this happen. Many HR leaders regularly meet with the board every few months and with the CEO even more often. “My challenge is to create and sustain the best possible marriage between the business side and the people side,” said Diego Pérez, a director and head of talent and organization at Grupo Romero Investment Office.

In some cases, CHROs attend different executive committee meetings (such as the compensation committee) between larger quarterly board meetings to reinforce the HR perspective. “Before, their priorities were more transactional, and today they are connected to the transformation of the business and the organization,” says Livi Betancur, HR leader at Grupo Bolivar. These priorities include talent management and allocation, retention, knowledge management and career development.

In this context, some CHROs say they are becoming a coach, adviser or mentor to the CEO. “During the pandemic the CEO and I developed a closer relationship,” said Falabella’s Del Rio. “The context demanded us to work together on different initiatives and make fast decisions, so we built trust and strengthened our relationship while also making many positive decisions about how to take care of our employees and avoid layoffs.”

As CHROs develop a closer bond with leadership and dig deeper into strategy, they are increasingly involved in other business imperatives such as sustainability and diversity, equity and inclusion (DE&I). HR is tasked with connecting the dots between the specific business objective — increasing the representation of women in the talent pipeline, for example — and meeting that objective. For instance, HR might offer insights into adjusting talent acquisition strategies to better target women while ensuring the company culture fosters inclusivity. “I play the role of connector between multiple levels and stakeholders of the organization,” said one CHRO in Peru. “I connect different businesses, functions, leaders and business units around a common goal.”

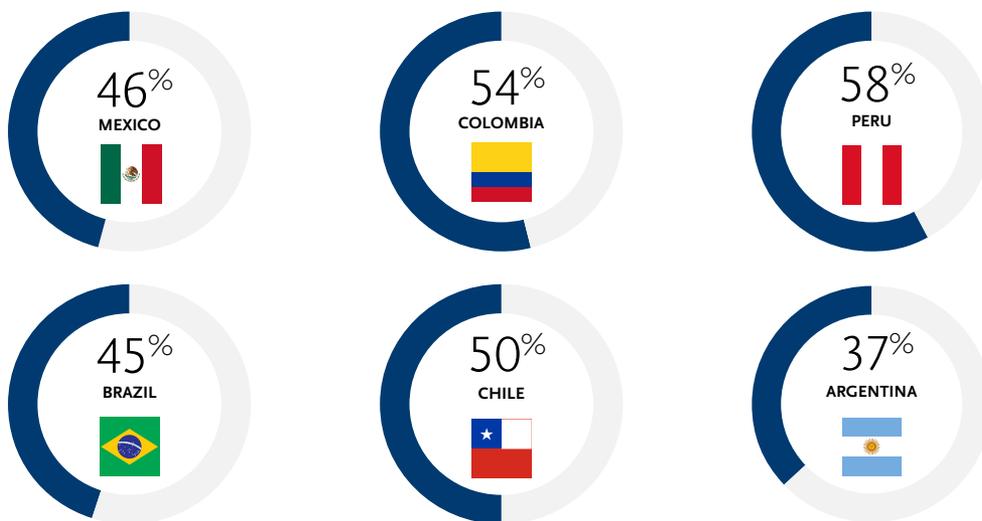
Learning and development is another area that demands connection between the CHRO and leadership. “We have to have a strategy to retrain people or incorporate the concepts of upskilling given that the people's knowledge is within the company; if those people don't adopt the new technologies, we're in trouble,” said Jacqueline Balbontin, HR leader at Scotiabank Chile.

Molymet’s Maria Ines Gomez said that her company is testing a knowledge-sharing process that includes courses on relevant topics and a mentorship program where senior employees with decades of experience can share their expertise. In this way, HR supports the business's best interests while promoting internal mobility.

The CHRO as strategic business leader

Given that the CHRO function has been changing, and will continue to evolve into a more strategic and business partner role, any experience working across other functions can be beneficial when facing complex business situations. In fact, in half of the countries we analyzed, the majority of HR leaders had non-HR experience in their career history, which supports this up-and-coming trend (see figure 1).

FIGURE 1: NON-HR EXPERIENCE



■ % CHROs with non-HR experience



This exposure to different business areas is beneficial, given the CEO's increased expectations around skills HR leaders should bring to the table. "The CEO now expects a much deeper knowledge and understanding of the business, its financials, operations and performance so we can use it to better impact results," said Del Rio.

One HR leader said that his most valuable career experience gave him regional responsibilities and the opportunity to start an operation from scratch and be involved in it. This kind of hands-on work is vital once you step into the CHRO role. "You are managing an organization dedicated to certain goals," said Carlos Canzonetta of Boldt. "If you are not clear about those goals and how to achieve them, you will hardly be able to put direction to that business. Knowing the needs and priorities of the business helps you understand how to add value."

However, several CHROs offered a slightly different perspective on what it takes to succeed. Curiosity and an interest in business operations can also build credibility with stakeholders, help CHROs better connect with board members, and enable them to manage different stakeholders expectations inside and outside the organization.

"The human resources profile does not necessarily need to have experience in the business, but [they] do need to have the curiosity and knowledge to understand the P&L, to deepen the strategy and results, to walk the business," said Florencia Tiscornia, the VP of people and culture at the Argentinian company YPF. "That makes it possible for you to sit on the executive committee."

Curiosity and the ability to learn about different areas of the business hints to one of [the core attributes that predicts a leader's success](#): capacity. Even without particular business experiences, a leader with the capacity to grow can follow the path to success.

"They will only respect you if you speak the language of the business," said Group Romero's Diego Perez.

A curious CHRO who is open to technology

The digital and cultural transformations affecting companies are also having an effect on the CHRO and the HR function in general. Indeed, CHROs face an ever-increasing need to understand, use and promote new emerging technology (such as AI) to enhance employee experience, culture transformation and business performance. CHROs, like other C-level leaders, must have an open and curious mindset about technology, and create the space and time to learn, discuss and decide on how to use available technology to amplify the best of our human capacity, to enable the optimal conditions for collaboration between humans and intelligent machines.

However, technological progress is uneven. In some cases, HR leaders are just beginning their technology journeys, starting to collect and analyze data to make better decisions or manage change. “We talk a lot about the use of people analytics, but in practice we haven't evolved much yet. However, looking to the future, I think we can customize people's journey within the company,” said one CHRO in the region.

In other cases, HR leaders are already changing the composition of their team to include people with more digital profiles, such as data scientists and mathematicians, who understand how to apply new and evolving technology in the HR context and provide value.

Several HR leaders anticipate AI becoming more prevalent in HR as companies use it to enhance the employee experience. While CHROs are excited about the technology, they are worried about the potential biases built into the tool. As such, they stressed their dedication to the effective management of data and information used by AI.

Preparing for the CHRO role

So as CHROs and aspiring CHROs look to the future, what can they do to become more flexible and adaptable in order to better meet their strategic mandates?

First, it's important to **be a student of the business**. Always be hungry to learn more about the business. Make it a point to talk with people in different business areas; go to their offices and ask questions to understand the specifics of what they do. Get your boots on the ground and walk into the business operations, do some shadowing or on-the-job experience to really get to know the business. Get the nuts and bolts of the business model and the essentials of the strategy to connect that to the rest of the system — the culture, structure, people and teams, processes and routines, technology, tools, and spaces.

This enables you to gain different perspectives, learn more about the core, see the business strengths and areas of opportunities, and build close relationships and trust with other company leaders.

Key questions

- » What are we trying to achieve as a business and why?
- » How are we doing on delivering the expected value in each piece of the chain?
- » What is preventing us from operating at our best?
- » Who are the key stakeholders/influencers in each part of the organizational system?
- » How can I help to unleash people's potential for a sustained success?
- » Whom do I need to connect with next to learn more?

Secondly, CHROs must be able to **master the ability to connect and manage different stakeholders**. Several CHROs we spoke with serve on an executive committee with representatives from different business areas. Key to their success is the ability to understand the different agendas of each committee member and use that understanding to inform recommendations and communications. Conversely, CHROs will also need the courage to challenge key stakeholders when they are going too far in one direction or forget to consider how decisions affect talent — and know when it’s okay to step back.

Key questions

- » How are the main stakeholders mapped (influence/power vs. interest)?
- » How much do I connect with them regularly, know them personally and gain clarity of their own agenda, motivations and interests?
- » What are the main topics that keep us close and connected?
- » How can you build, rebuild and sustain trust and transparency?

The path forward: Flexibility and adaptability

Underpinning the evolution of the strategic CHRO is one’s ability to be flexible and adaptable during uncertainty. And the accelerating pace of change places additional pressure on CHROs in this regard.

“CHROs need the ability to be in strategy but then quickly move to execution when required,” said Jacqueline Balbontin of Scotiabank. “They will get involved in low-level decision making and then ascend back up to a higher executive and strategic role.”



There is this added complexity beyond multiculturalism. HR has to understand the different leadership models across countries and political-economic contexts.”

As Primax’s Mey Ling Loo put it: “If you don’t adapt or change, you disappear. The workforce is demanding different things. We used to prepare for retaining talent, but now we have to assume that many people will leave in three to five years.”

For many CHROs, the pandemic provided lasting lessons in resiliency and how to deal with the unknown and find a solution when everything is in flux, including new ways of working, greater flexibility, more autonomous leadership and greater speed in making business decisions.

LATIN AMERICAN CHRO



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