Preface

Latin America is one of the most interesting regions in the world. Since the beginning of history, Latin America was seen as a game changer in the international economics. During the era of Christopher Columbus, Latin America became an important opportunity for economic growth. Islands such as Puerto Rico, Haiti and Dominican Republic were strategic to the growth of the Spanish Colonies. The search for gold and other precious metal led expeditions with the purpose of encountering a new business opportunity.

Today Latin America is as attractive as it was three hundred years ago. During the 1980’s the region confronted what is called the “lost decade” given the lack of growth and the failure of the states. Since then Latin America has changed led by countries such as Peru, Panamá, Brazil, Colombia and Chile. These Countries faced a restructuration of its foundations and a new business conception. Colombia was considered a country submerged in drug war during the 1990’s with a violent panorama. In approximately 20 years Colombia changed and surpassed its problems and is known one of the most competitive countries in the world.

Panama is another interesting history in Latin America. A country that needed a discussion centered on a vision of what the world expected from them. Panama engaged in two important efforts being the financial structure that they developed and the Panama Canal. Given this changes Panama started growing in 2005 at 7.2% reaching its peak in 2007% with a growth of 12.1%. When the 2008 financial crisis struck Panama and Guatemala were two of the countries that did not enter into a recession. Panama grew 9.1% in 2008 and the next year the country encountered the lowest with a growth of 4%. The country recovered and again peaked in 2011 with a growth of 10.8%. The country is still growing at a steady and strong pace.

Brazil is another example of growth and change. The poverty headcount ratio of Brazil was 21% in 2005. Since then the effort of a more inclusive economy became a reality by diminishing this ratio to 17.3% in 2006, 14.1% in 2008 to 8.9% in 2013. Brazil became an example in eradicating poverty and an important hub for engaging in business in Latin America.
This region is a promising region for the next years. The forecasts for the year 2016 predict that Dominican Republic will be having a growth similar to the last three years of 4.9%. Bolivia will have the same behavior with a steady growth of 4.3%. This demonstrates that the region is a solid region with an important potential for doing business.

The interesting aspect for the region and a question that is the main topic for the book is: What are the challenges and opportunities when entering the region? In the present book the reader will find an important analysis of what the region offers, the different challenges that could affect is decisions and how to surpass them. The book will lead the reader to an understanding of the region both theoretically and practically since various author of the book are from the region and work in the region. This gives a practical approach that will differentiate from other books in the market.

The topics discussed in the book include competitiveness, corruption, foreign direct investment, institutionalism, wealth, financial sectorial systems, politics and private cooperation. The reader will have a book that deepens into the different aspects of Latin American and that invites to discuss of what other challenges and opportunities the region offers. The book is on important pillar on the research of Latin America because of the content, the capacity of the researchers and the knowledge of the region.

The future of the region is a bright one but the decision making of the manager has to be cautious, informed and strategic. The information given in this book will help elaborate this strategic decisions and advise into the different paths managers have when entering this beautiful and inspiring region.

AN APPROACH TO THE CHAPTERS

The first chapter of the book is titled Theoretical aspects on bottom of the pyramid in emerging economies: An overview of microfinance in Latin America which offers and interesting analysis of the different aspects in Bottom of the Pyramid (BoP) research. The literature revision gives and important idea of to apply Bottom of the Pyramid research and the importance of its application. The approach by the authors is centered on poverty alleviation an important challenge in Latin America. By its BoP analysis the authors offer a more comprehensive approach on what three (3) sectors could make an important change in the poverty area in Latin America. This chapter was chosen as an opening of the book because it tackles on of the biggest challenges using secondary data and what is more important, the authors offer solutions that could be implemented in the region.
The second chapter centers in the Corruption in Latin America. Corruption is an important challenge in the region that has to be taken into account when entering the country. There are different aspects of corruption and the levels of corruption vary from one country to the other. This chapter analyzes the different aspects of corruption and leads to important findings on what is the result of corruption in the region when compared to Foreign Direct Investment (FDI). This chapter is extremely important for understanding the behavior of corruption in Latin America.

The fourth chapter states the problem in connection with defining the dilemma of small states, the advantages and disadvantages of being small and gives a brief background of how the problem developed, a brief history of how dependency developed and at the same time offers a solution, a futuristic perspective on development planning that eliminates the problem of dependency. The authors argue that the attempts of supra national institutions and NGO’s to foster a Neo Liberal approach to development without implementing strategies for bolstering the social institutions of particular states has crippled their effort to create sustained economic development, although it has contributed to spiking material assets and creating a bubble for the financial sector and certain segments of production but per capita income of the general public has not benefited from such strategies and indeed on some cases their interest of the general public has been hurt.

The fifth chapter is based on trust. Trust is the expectation of honest and cooperative future behavior based on commonly shared norms. In Latin American region, people who believe that most people can be trusted ranges from 4 to 19% as compared with 34% for USA and 60% for China and Sweden. Trust among various business stakeholders within a firm or between firms in a local, national or international setting is an essential component of business development activities that are rooted in the relationships between exchange partners. This chapter demonstrates an important aspect of the economy in Latin America.

The sixth chapter demonstrates that with the increase of economic growth in Latin America, the mobile finance (m-finance) sectoral system of innovation model is applied as an analytical framework in order to focus in on the technological infrastructure and regulatory structure. The SSI approach links innovation to the interactions of the different actors in the system. Innovation is either the process of creating or the recombining of knowledge for some new use to become an outcome of that process. A new approach on the future of the economy of Latin America is essential for understating the new dynamics.

The seventh chapter is also based on trust. This chapter studies the process of trust building in politics by using large data set on political behaviour in Latin America. The results yielded by developed models indicate specific elements as the most influential on the popular trust in institutions. These observed determinants were enclosed in five macro classes: cohesion of society; economic factors; electoral
transparency; efficiency of judicial organs; and crime diffusion. The analysis of the public support in governments and parliaments revealed that certain variables have a direct impact on the stability of the Latin American democracies, while other factors merely determine the likelihood of a government’s reappointment.

The eight chapter of the book centers in a specific area of Latin America that is Central America. Central America is the union between South and North America and connects both markets. Central America has been a convulsive region that was almost completely at war during three decades. The construction of a post-war Central America has been a challenge in the region, but they have demonstrated that with effort change can be made. This chapter analysis the different countries in Central America and compares them in different competitive aspects such as education and health. The comparison of these aspects leads to an interesting conclusion on how to be more competitive.

Chapter nine explores various aspects that might be associated with entrepreneurial activity and non-entrepreneurial engagement in Colombia between 2010 and 2012. These ratios were calculated from the GEM-Colombia report between 2010 and 2012. The approach of the information applied to Colombia offers an important aspect when discussing the future of the region.

Chapter ten is a case study from an Ordoliberal perspective of the conception, implementation and policy output of the newly created Private Council of Competitiveness (PCC) in Guatemala, a country wracked by mistrust of the public sector by the private sector. This chapter demonstrates that alliances in Latin America are important and that they will have an important result when dealing with different circumstances in the region.

Chapter eleven describes the market entry process of Portuguese small and medium-sized enterprise (SME) into the Brazilian. This chapter explores an under-researched strand in the studies of internationalization of SMEs, namely how trust and commitment leveraged the relationship orientation of the Portuguese SME in entering into the Brazilian market.

Chapter twelve discusses the benefits of innovation and technological development taking into account the current state in Latin America and the possible scenarios in which technology serves as an important tool for economic and social development which translates into basic cornerstone for business and growth enhancer.

Chapter thirteen describes Latin America and the Caribbean as an emergent region showing a high economic growth in recent history. It has been higher than the world general performance during a half of a century. From 1960-1980, LAC had the highest economic growth per decade, but the growth stopped with the Debt Crisis which macroeconomic non-desirable effects were sensible during the next decade. The crowdfunding is a group of people dedicated to creating a network in order to get financial help from people that are willing to support a business idea.
Chapter fourteen describes how international remittances to developing countries are growing and are more than foreign direct investment or the official development aid. More than 3.2% of global population are living abroad and the trends will increase involving skilled and unskilled workers. The remittances are palliatives to poverty in their countries and help their families to reduce their poverty. In many cases, the remittances are the seed for new small and medium enterprises in Latin America, with not enough access to financial services.

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