Mazars 2020 C-suite barometer

Insights from Latin America

Featuring interviews with partners in Argentina, Brazil, Chile, Colombia, Mexico and Uruguay

mazars

Contents

04 Foreword

06 Overcoming the pandemic and achieving gender equality in Uruguay

08 Green growth and economic empowerment in Colombia

11 Leader and follower: how Mexico could shape a more sustainable global economy

13 Economic recovery, sustainability, and the quest for diversity: the view from Brazil

16 Resilience, resources and returning to work in Chile

19 Optimism for the future despite a history of crises in Argentina

22 Methodology

You can see the global results and analysis of the Mazars 2020 C-suite barometer, which includes findings from sixteen sectors in more than 20 countries, here.

Foreword

C-suite in Latin America: changing how the continent works to deliver on future optimism

For anyone looking to understand how business leaders navigate difficult present circumstances while preparing for future changes to how the world works, the Mazars 2020 C-suite barometer makes for useful reading.

Based on a global study commissioned in 2020, the barometer reveals the views of C-suite leaders on their activities and outlook, including how they manage and prioritise short- and long-term initiatives.

And with more than 500 C-suite leaders responding from around the world, we are able to dig deeper into how different regions are responding to the pandemic, changing their business models to be future-proof, and looking to resolve some of the biggest economic, environmental and societal issues of our time.

Growth, transformation, and sustainability - view from Latin America

Latin America was one of the six regions we surveyed, with the barometer revealing it to be the most optimistic in terms of commercial outlook. Just 17% of C-suite leaders in Latin America predicted a drop in revenue in 2020 compared to 2019 and 91% expect to grow in 2021 – well above the global average of 71%.

Asked for their views on the most likely transformations they face over the next three to five years, business leaders in Latin America said technology and new service, market, and business model developments. Meanwhile, the region had the highest proportion of executives (50%) treating sustainability as a long-term investment.

While leaders on the continent recognise growth depends on evolving how businesses work, there are, inevitably, areas that lag behind. Only 13% of respondents in Latin America said they have a female majority of decision-makers, which puts the region third globally - behind Western Europe and the US.

Partner interviews from six countries

But figures can only tell us so much. That is why we recently interviewed six Mazars partners from across Latin America, asking them to share further insight from their respective countries, react to the C-suite findings, and discuss the opportunities ahead as well as the obstacles yet to be overcome.

Through their interviews, we learn how organisations are balancing economic growth with wider societal considerations in Argentina and Brazil; matching demand for natural resources with calls for better environmental protection in Chile and Colombia; protecting people while managing risk in Mexico, and striking partnerships to achieve gender equality in Uruguay.

These interviews provide useful insight into the C-suite perspective and, importantly, shed light on how business leaders are preparing to take on the agenda-setting issues of today in order to shape a fairer, more prosperous tomorrow.

Antoni Bover
Managing Partner of Mazars in Spain and Mazars Group Sponsor for Latam Region

Overcoming the pandemic and achieving gender equality in Uruguay

Luis Martinez, Managing Partner

Uruguay is widely seen as having performed better than its neighbouring countries in the fight against Covid-19. How is this relative success reflected in local economic developments? And what is the country doing to shape a future that is technologically-driven and led by more women at the top?

Latin American leaders, including those in Uruguay, were overwhelmingly positive about their 2021 outlook. What explains that optimism and how has Uruguay dealt with the Covid-19 pandemic from a business perspective?

Luis Martinez: We are fortunate, today, to have very high vaccination rates – to an extent similar to Chile – but it's been a difficult journey and the effects of the pandemic are far from over. The economy has fared well because it did not shut down like in some countries. Largely, commercial life carried on and it was up to businesses to decide how they would restructure their operations and make efficiencies to deal with the pandemic.

> "The pandemic has pushed businesses to do better and do faster when it comes to digital."

Optimism by its very nature is not necessarily based on reality and we have a cultural tendency to look on the bright side in the country and the region. That said, a large part of the Latin American economy and the Uruguayan economy is agriculture-based and the global need for food is constant. Other businesses have sought ways to offer more through technology and the pandemic has pushed businesses to do better and do faster when it comes to digital. Department stores here have massively advanced their ecommerce offering as a direct result of Covid, for instance. These 'leaps forward' are not reserved for more advanced economies and business leaders in Uruguay have proven resilient to difficult trading circumstances.

Our study found technology to be one of the top transformations that the C-suite in Latin America expect to see over the next 3-5 years. Is technology high on the agenda of business leaders in Uruguay?

LM: Technology is critical to business success in Uruguay. Smartphones for payments, ecommerce for retail and software that delivers efficiencies – they are all on the minds of business leaders today.

> "Whatever we can do to better help clients, and our teams, we will explore."

At Mazars we are always thinking about new ways to drive productivity, save money and deliver better quality services using technology. Whatever we can do to better help clients, and our teams, we will explore. By introducing new software programmes for our clients, we can stand out from others and empower our people to do their best work. That's why robotics is a big focus for us: automating what we can and working with cloud-based systems to stop relying on manual processes that slow us down. As a country we may not be the most advanced but there is a marked enthusiasm to engage with technology more and in various ways.

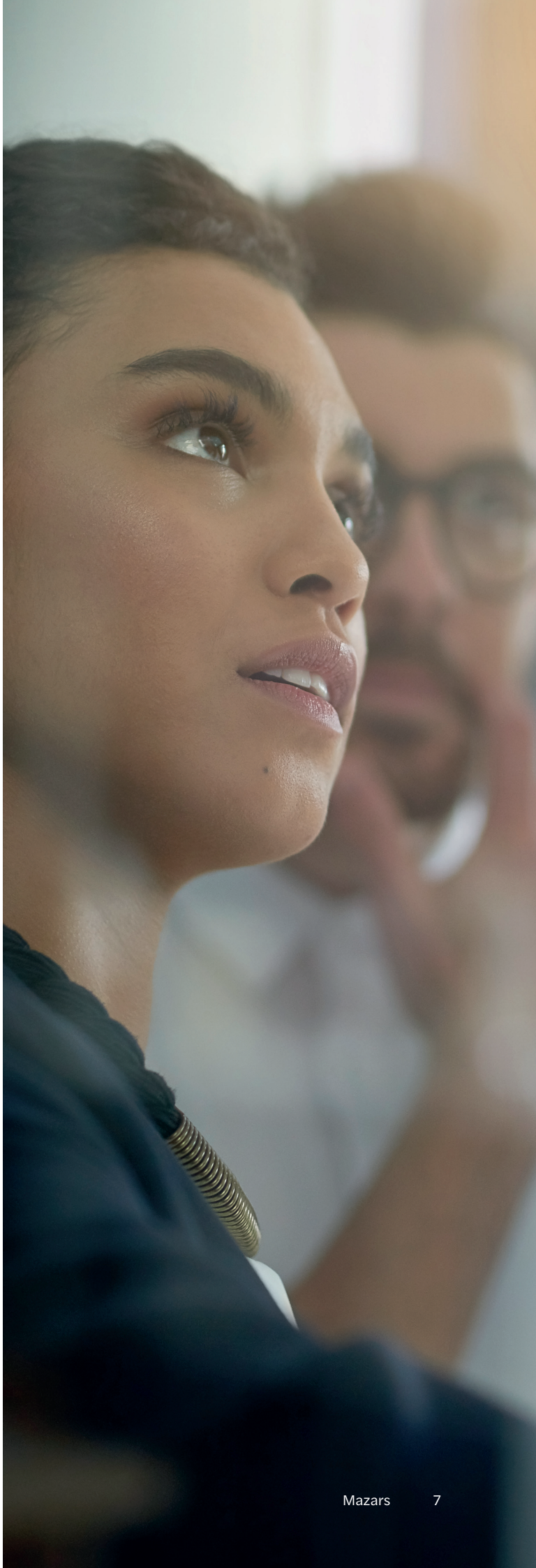
Among decision-makers in Latin American companies, only 13% are women. Is there any progress you can report on in Uruguay?

LM: It's a stark finding and a harmful reality. Bad for society and bad for business, more has to be done to create gender equality here and around the world. As President of the French Chamber of Commerce in Uruguay I helped create a gender diversity committee and signed an agreement with UN Women to support gender equality. We have asked members of the chamber to share their best practice so others can learn from it and 14 members have since signed women empowerment principles. Through that we were able to access a programme, *Ganar-Ganar: la igualdad de género es buen negocio*, which demonstrates how more women business leaders would lead to better performance. And in April 2021 we signed an agreement with OMEU (*Organizacion de mujeres empresarias de Uruguay*) to support their great work developing female entrepreneurs and business leaders.

> "It's a stark finding and a harmful reality... more has to be done to create gender equality here and around the world."

Some two-thirds of the Mazars team in Uruguay are women and our executive committee is three women and me. That is the kind of gender balance we are working to see elsewhere in the country. The key is to give women the same opportunities as men and not recruit, train or treat anyone differently solely based on gender.

Luis Martinez
Managing Partner,
Mazars in Uruguay



Green growth and economic empowerment in Colombia

Carlos Andres Molano, Managing Partner

Major infrastructure investments, free trade zones and sustainable energy initiatives are driving business optimism in Colombia, says Carlos Andres Molano. Below he reacts to the C-suite barometer findings and explains why Colombia is on track to be a more sustainable, gender-balanced economy.

Our barometer found 91% of business leaders in Latin America to be optimistic about the 2021: what do you think explains the positivity?

Carlos Andres Molano: That finding does not surprise me: we are in a less developed part of the world and the opportunities for progress in infrastructure, technology, manufacturing and healthcare, and other sectors, are massive. Pre-Covid-19 our GDP had been fairly stable for a decade and in the last couple of years Colombia was recognised as a country with very high potential GDP growth: we're expecting around 3.5% growth in 2021, with some forecasts predicting up to 6%.

> "We're expecting around 3.5% growth in 2021, with some forecasts predicting up to 6%."

That said, there is still a lot of turmoil here. Recent protests against potential tax reform remind us that commercial progress has to be balanced with wider considerations.

The transformations that C-suite leaders in Latin America most expect in the next 3-5 years are related to technology, new markets, services and business models. How are business leaders driving innovation in the economy to make it attractive for domestic and international investment?

CAM: Colombia is home to one-third of all the free trade zones in Latin America, meaning a business can manufacture around one-third of its goods here and benefit from no tariffs or VAT when exporting elsewhere, while paying a lower rate of income tax. These zones are very attractive to businesses in China, hit by the recent trade war with the US, but also European businesses wanting to move into Latin America. Some 600 companies have been identified as being able to benefit from the setup, with talks underway with 420 and around 50 already showing interest. Most of the identified companies are those that export to the US because of the strong free trade agreement we have.

> "Colombia is home to one-third of all the free trade zones in Latin America"

As for new services, we are among the top ten countries worldwide for arable land availability. With the global population set to hit 9bn by 2050, Colombian land will be crucial. We have also seen a lot of incoming investment from medicinal cannabis producers based in Canada and the US - it's an area that will only grow and could, one day, even be a viable replacement for our petroleum industry.

There are also government-backed energy and infrastructure initiatives aiming to create employment and grow the economy. Projects include highways to link major cities, delivering 5G across the country, and the first metro line in the capital should be up and running in the capital in five to six years. Our renewable energy representation is currently 1% but the government has set an ambitious goal of 12% by 2022 and 50% by 2030 – with major investments in solar and wind to achieve it.

As for innovation, the World Economic Forum has launched a regional network for smart cities out of Medellin in a bid to share knowledge of balanced development. Meanwhile, Alibaba recently created local partnerships to provide education on digital technology and sales to Colombian entrepreneurs, and, there are plans to build a replica of France's Station F start-up incubator.

Latin America is the region where the highest proportion of executives (50%) see sustainability as a long-term investment. Are Colombian business leaders taking sustainability seriously? Can you tell us about any recent developments?

CAM: Colombia is fully signed up to the UN Sustainable Development Goals and the government has appointed a dedicated commission to monitor progress. During the pandemic, the government subsidised large parts of the population who would otherwise not have been covered by welfare support. As the pandemic's effects begin to subside, it's likely the government will continue to find ways to help people financially every month – in doing so, working towards the number one UN Sustainable Development Goal: reducing poverty.

We are one of the first Mazars countries to undergo certification as a B Corp – something we did to make our own positive impact but also to discover how we could help our clients be more sustainable. This is something we are preparing at the moment and we're looking forward to rolling out a sustainability service to clients.

Only 13% of decision-makers in Latin America are women. Are there any initiatives in Colombia that aim to increase gender diversity in leadership?

CAM: I am proud that Colombia was one of the first Latin American countries to issue bonds reserved for women's economic empowerment, including dedicated credit lines to make finance available for women.

> "Colombia was one of the first Latin American countries to issue bonds reserved for women's economic empowerment."

The government has taken a very positive step forwards by making women in leadership part of the criteria for scoring points when it comes to applying for public contracts. There is also the Presidential Advisory Council of Colombian Entrepreneurs' commitment, made up of 134 women, which is a platform to discuss policies and solutions that support female entrepreneurs across the country. And there is a private initiative supported by the government, the 30% club, that urges businesses to include a 30% quota for female representation on their boards.

For every two men who lost their job during the pandemic, four women lost theirs, and while the unemployment rate for men in 2020 was 19%, it stood at 26% for women. Covid-19 has made obvious some of the key issues we face, and it's now time business leaders in Colombia play a leading role in fixing them.

Carlos Andres Molano
Managing Partner,
Mazars in Colombia

Leader and follower: how Mexico could shape a more sustainable global economy

Jorge Santibañez Fajardo, Partner

As the world's first country to issue sovereign bonds linked to sustainability, Mexico has proven its ability to go above and beyond what is required. But with thousands of businesses forced to close in 2020, the country must now shape a recovery that balances business, societal and environmental considerations.

Only 17% of the C-suite in Latin America expected a drop in revenue in 2020 compared to 2019 when surveyed in late 2020. Did that prediction hold up against the commercial reality in Mexico?

Jorge Santibañez Fajardo: 2020 was a difficult year for Mexico: GDP fell by 8.5%, the worst result since the 1930s, with some 10,000 small businesses and up to 90,000 restaurants forced to close. Meanwhile, the tourism, automotive, and airline sectors were hit by lockdown measures, spending squeezes and bans on travelling. The last time GDP fell like this was in the aftermath of the 2008 financial crisis and it took us three to four years to fully recover – so we are facing a long uphill battle.

On the other hand, we have seen growth and innovation from ecommerce and delivery platforms, which have responded to new trading conditions by expanding operations and pivoting to work effectively amidst Covid-19. The Mexican Online Sales Association reported 81% growth on ecommerce in 2020 compared to 2019.

Looking at recent data on domestic consumption the economy is recovering and as tourism opens up, we should expect activity to grow across most sectors. However, we incurred big losses and recovery will take years. GDP growth expectancy of up to 5% – influenced by the global economic recovery and vaccination progress – is optimistic and should not be considered inevitable.

Some 50% of respondents from Latin America consider sustainability a long-term priority. Does that finding hold true in Mexico specifically?

JSF: Mexico is full of contrasts: we were the first country to issue sovereign bonds linked to the UN's sustainable development goals but we lag behind more developed economies when it comes to other sustainability initiatives.

> "We were the first country to issue sovereign bonds linked to the UN's sustainable development goals."

Sustainability in Mexico is, generally speaking, of more interest to international and large local companies. A lot of C-suite leaders working for Mexican companies would tell you they don't have the resources and knowledge to implement a sustainability strategy. That, of course, is not helped by the lack of standard regulation surrounding sustainability reporting. Without the obligation to report consistently and coherently on ESG, there can be no real progress.

> "Without the obligation to report consistently and coherently on ESG, there can be no real progress."

Sustainability may be at the top of a business leader's agenda – but that does not automatically mean action is being taken. Rightfully, the C-suite in Mexico, like many other parts of the world, is beginning to see that sustainability is not just one part of running a business but, in fact, it has to be embedded into every single aspect. Mandated sustainability reporting would ensure sustainability is not just on the agenda, but that very real action is underway.

Leaders in Latin America were optimistic about their future prospects, according to the barometer. What makes you optimistic about Mexico from a business standpoint?

JSF: Mexico has so much room to grow. It's a large market that has not yet matured and the long-term vision of the public and private sectors here is how to take advantage of the opportunities ahead. International companies are looking at Mexico for future growth – backed by projections that Mexico will continue to rise up global economic rankings over the coming decades.

While Europe and the US are fairly saturated markets, Latin America and Africa still have huge potential in terms of untapped markets and consumers. The rapid economic development of Asian countries over the last couple of decades is hard proof that international markets are diversifying and businesses in Europe and the US will have to work and invest globally to secure their next growth chapter.

What's your advice to the C-suite in Mexico today?

JSF: It's always difficult to do business when you're in the middle of uncertainty. What made Covid so hard to navigate was the many layers of uncertainty. We thought at the outset it would go on for three, maybe four months, but we are still tackling it some 15 months later. And now with the vaccine we're trying to protect our people at the same time as getting the economy going again.

My advice is to focus on three key elements: people, risk and continuity. Protecting people has to come first; at Mazars we moved quickly to ensure our teams could work safely and confidently from home. Second is risk management: I've spent a lot of time advising clients to focus on reducing risks as a way to achieve their objectives. And thirdly, try and maintain continuity: that is crucial to remaining competitive in the market, staying on the minds of your clients, and protecting your sales and brand despite the uncertainty.

> "We are seeing a new world develop around us and it's up to all of us to shape it for the best economic and societal outcomes."

Don't take your eye off what's coming down the line. Technology and new ways of working have to underpin how you're working today and what you're planning tomorrow. Understand that revenues might fall in the short term so find ways to control costs over the long term. We are seeing a new world develop around us and it's up to all of us to shape it for the best economic and societal outcomes. Covid-19 brought out the human solidarity in all of us: we should not forget that as we drive an economic recovery in Mexico.

Jorge Santibañez Fajardo
Partner,
Mazars in Mexico

Economic recovery, sustainability, and the quest for diversity: the view from Brazil

Eduardo Cabrera, Managing Partner

With continental dimensions, a population of more than 200 million and the highest GDP in Latin America, Brazil is up against economic, political and social particularities - especially given Covid-19. Eduardo Cabrera discusses the impact of coronavirus and the major sustainability and diversity trends ahead.

Only 17% of respondents in Latin America predicted a drop in revenues in 2020 compared to 2019. Are Brazilian companies right to be optimistic? Are the companies you work with expecting an increase in revenues in 2021?

Eduardo Cabrera: Optimism in Brazil varies according to the sector. Agribusiness will continue to grow because demand has not fallen and prices are rising. At the same time, there is an appreciation of the exchange rate, rising prices, and demand is also growing - in addition to crop failure in other countries.

The industrial sector, on the other hand, is negatively affected. I cannot see how 2021 is a year of optimism for the industry, not least because demand is low and there are signs that retail growth is also falling. As long as there is no clear advancement in the immunisation of the Brazilian[1] population , I do not see the industrial sector having significant growth to the point of recovering recent losses.

The service sector has also been badly affected and its recovery depends on how fast vaccinations advance. Although there is potential GDP growth of more than 3%, this outlook is not so optimistic, since this growth is in relation to last year, when we had a drop of 4%. It is important growth, but still less than what the country needs.

The service sector in Brazil was majorly impacted, as well as the industry and retail sectors, by the drop in household consumption. In addition to the recovery of these sectors from the vaccination of the majority of the population, is it possible to highlight any positive trends for the future?

EC: Government assistance is one area. When there was the first money transfer initiative, in April last year, there was an increase in consumption. This stimulus - paid to millions of Brazilians – amounted to R$600 (US$115) for informal and low-income workers. The food retail sector most felt the positive effects of the assistance.

> “Many merchants have sought reinvention through ecommerce.”

What we have noticed in Brazil is that many merchants have sought reinvention through ecommerce. It is a niche that has grown a lot, but still without compensating fully for physical sales. The development of ecommerce is a learning experience that everyone will have as soon as the situation returns to some level of ‘normality’.

1. The rate of immunisation of the Brazilian population against Covid-19 is less than 20%, (May 2021).

Some 50% of leaders who responded to the C-suite barometer see sustainability as a long-term goal. Could you place the importance of the ESG agenda in the current context of Brazilian business?

EC: The large business groups in Brazil are already talking about ESG issues and it is a subject that has been gaining a lot of prominence in the national media and at Mazars in Brazil, we have a partner dedicated to sustainability. There are already movements on the stock exchange, with companies that stand out for their sustainable practices. This is a movement that is here to stay and sooner or later, more companies will follow suit when it comes to ESG.

It is clear that the greatest impacts are linked to companies that generate a large part of the pollution in Brazil. In this regard, we must not forget about livestock, agribusiness and the industrial sector. Land use in Brazil has some of the strictest laws in the world. Despite what is reported about deforestation, Brazil's forests are well protected. We still suffer from environmental issues, especially in the Amazon, but the situation is under intense political scrutiny due to the demand from European countries for measures against deforestation in that region.

Brazil also depends a lot on European legislation for ESG issues. If Europe determines that, as of a certain date, it has stricter standards in relation to ESG, then companies here will strive to meet them.

Only 13% of businesses in Latin America have a female majority among decision makers, according to the study. Does the finding surprise you? How can companies in Brazil improve on diversity in leadership?

"Businesses in Brazil are taking diversity seriously, in some cases even more seriously than environmental sustainability."

EC: From my perspective, businesses in Brazil are taking diversity seriously, in some cases even more seriously than environmental sustainability. Some companies have even said they will not work with those that do not have plans to improve diversity. Although the number in Latin America is 13%, there are still movements for change that can be applauded.

At Mazars in Brazil, 44% of managers and directors are women and we are dedicated to helping female leaders become partners. It is up to companies to do better for women to reach higher positions, but it is important that we also have changes in legislation, in order to correct any distortions in the labour market. It is a matter of time before gender equality is achieved and business leaders should look for ways to speed up the process.

"It is a matter of time before gender equality is achieved and business leaders should look for ways to speed up the process."

Eduardo Cabrera
Managing Partner,
Mazars in Brazil

Resilience, resources and returning to work in Chile

Damien de la Panouse, Managing Partner

Rich in natural resources and bolstered by a dynamic mining industry and growing renewable energy sector, business leaders in Chile are right to be optimistic about the future, says Damien de la Panouse. As the country emerges from the pandemic and enters into important political negotiations, he reacts to the C-suite findings below.

Research and development emerged as a key investment area for C-suite leaders in Latin America. How are different sectors approaching R&D in Chile?

Damien de la Panouse: The sectors in Chile most committed to R&D are IT and communications, electricity, gas and water suppliers, financial and insurance services, and scientific businesses. Those lagging behind include the arts, entertainment, agriculture, forestry, fishing and transport and storage.

Compared to other OECD countries, Chile invests less in research and development – 0.36% of GDP goes towards R&D. Some 11.5% of companies in Chile carry out some type of R&D, according to Ministry of Economy data from 2019. That figure is likely to have since fallen because of the Covid-19 pandemic as many businesses went into 'survival mode.' This is compounded by a lack of incentives, which mean R&D has unfortunately fallen down the business agenda.

When broken down by size, large companies are most likely to have invested in R&D – according to the Ministry of Economy. Of large companies, 28% have backed R&D, compared to 19% of medium-sized companies, 12% of small companies and 8.5% of micro-enterprises.

Sustainability ranked high on the priority list for C-suite leaders in Latin America. This is the region where the highest proportion of executives (50%) see sustainability as a long-term investment. What are the key sustainability trends in Chile?

DP: We have an incredibly diverse natural environment: the north is arid and home to the energy-intensive mining industry, while the south has huge expanses of coastline. As a relatively hot country with affordable land, Chile attracts businesses looking to develop solar and wind energy solutions.

> "Chile is highly reliant on natural resources, with the mining and agribusiness industries currently driving economic growth."

Chile is highly reliant on natural resources, with the mining and agribusiness industries currently driving economic growth. Their production methods and products are taking environmental considerations into account, and we have clients making major investments in sustainable energy.

Chile is also positioning itself as a leader in green hydrogen production. Green hydrogen is competitive pricewise and will play a key role in the decarbonisation of the copper industry, which will be fundamental to reaching national – and global – decarbonisation objectives.

As for wider objectives: the government has committed Chile to carbon neutrality and resilience by 2050. The bill, Framework Law on Climate Change, was submitted to congress in January 2020 and establishes a governance system to meet the climate change challenge. In addition, Chile has introduced initiatives like the Circular Economy Roadmap, the National Organic Waste Strategy and a law on single-use plastics.

Leaders in Latin America are positive: 91% expect to grow in 2021 – the highest of all regions. What are some of the key growth opportunities for leaders in Chile? What are some of the challenges?

DP: Chile is performing very well when it comes to vaccination rollout and as we are in a strong position to come out of the Covid crisis sooner than the rest of the region, we are on track to benefit from inward investment and tourism. Before the pandemic the country was doing well and I think business leaders here expect to 'bridge the gap' - with GDP growth predicted to be between 6-7% for 2021 and between 3-4% for 2022. As the health emergency subsides and progress is made in the fiscal consolidation process, it makes sense to think positively.

> "As the health emergency subsides and progress is made in the fiscal consolidation process, it makes sense to think positively."

Considering other areas of progress: if the constitutional discussion process follows the expected trajectory on spending then a return to strong household consumption is likely. There is also plenty of investment in public infrastructure and in mining and energy projects across the country. Chile's main raw material, copper, is at a record high price (April 2021), which means an extra injection of resources into the treasury and the extension of economic aid to alleviate the effects of Covid.

In terms of challenges, government and businesses will have to make economic recovery expectations real – namely delivering investments outside of the energy industry. 2021 is also an important political year for Chile, with elections to select representatives to draft the new constitution and, later in the year, presidential elections. It will be interesting to see whether Covid acted as a pause on social protests here and we will re-enter a difficult political period or whether Chile will 'bounce back' to relative calm.

The most likely transformations in the coming 3-5 years were technology and service, market, and business model related, according to the Latin America findings of the barometer. Could you share any insight on new business models emerging? Are teams in Chile changing how they work?

DP: The pandemic accelerated digital transformation in Chile. Businesses had to send their people home and implement remote working almost overnight. Pre-Covid that setup was very rare, but I have seen businesses offering flexible working situations going forwards.

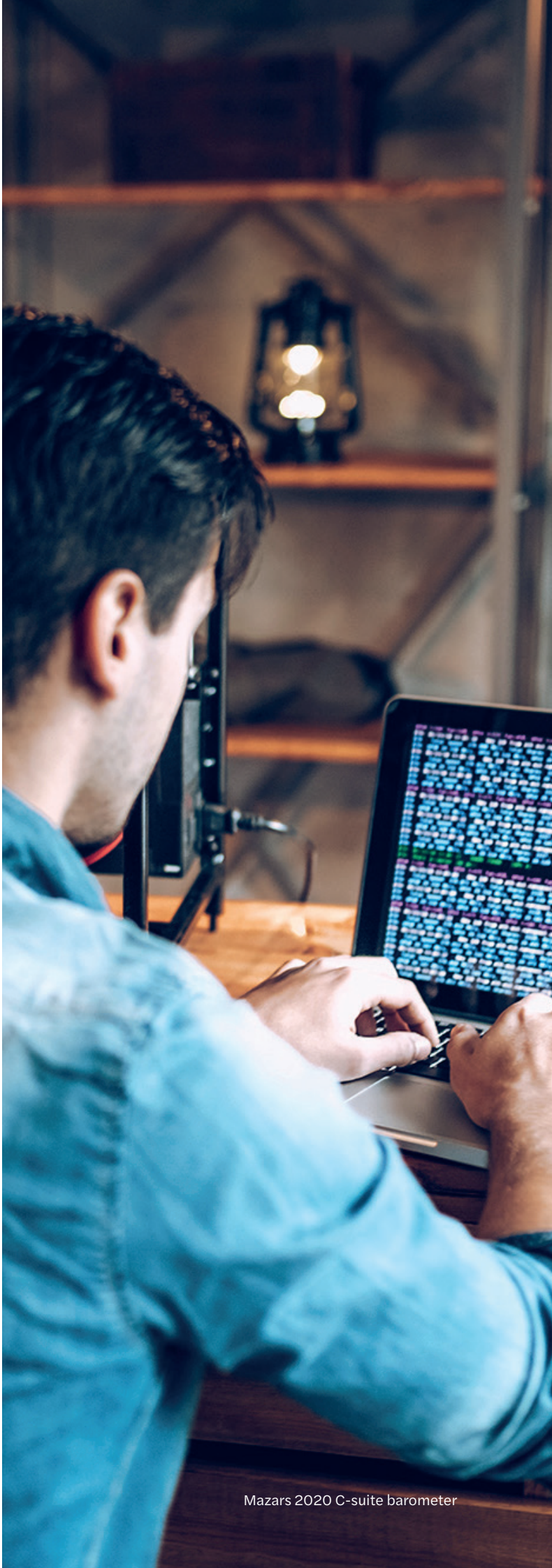
Large companies are also innovating how they work onsite, including mining companies implementing remote operational control centres. Other businesses have digitised more of their services: digital signatures for online security, virtual police stations and the digitisation of the immigration service being just three examples.

In Chile and Latin America in general, daily life revolves around personal relationships and interactions. There is a strong sense of community and profesisonal and personal lives often overlap. Having spoken to my team, they have a clear enthusiasm to get back to the office and feel that sense of community again. This contrasts with the US or Western Europe, where Covid may have pushed teams even further down the road of remote working.

> "A clear enthusiasm to get back to the office and feel that sense of community again."

We are likely to see a return to how we worked pre-pandemic in Chile, rather than a major shift towards new models. Looking ahead, Chileans know how to rebound from a crisis and I'm optimistic – just like 91% of business leaders in Latin America – about the future.

Damien de la Panouse
Managing Partner,
Mazars in Chile



Optimism for the future despite a history of crises in Argentina

Gonzalo Urien, Managing Partner

Falling economic activity, high inflation and currency devaluations are making Argentina a tough place to do business - yet there are sectors inspiring positivity, and a history of dealing with crises means measured optimism is warranted. Gonzalo Urien says the qualified workforce, favourable exchange rate and paths opened by technology provide hope that Argentina has better days ahead.

More than nine-in-ten business leaders in Latin America expect their business to grow in 2021, according to the Mazars C-suite study. Does that reflect the market reality in Argentina?

Gonzalo Urien: Argentina is going through a very pronounced economic crisis but there are sectors that continue to be very dynamic, and sustained growth is expected. The mass consumption sectors, as well as both traditional and value-added exporting sectors, are the engines of growth.

Another activity that continues to expand is the installation of shared services centres of multinational companies. Argentina is one of the region's most attractive countries for multinational companies looking to centralise the operational tasks of all their subsidiaries. We are in demand because of the exchange rate as well as our qualified workforce and their fluency in English.

We also have a very strong agribusiness sector: Argentina is one of the biggest producers of soybeans, corn and vegetable oils. Prices are high for these products and that brings some comfort to the national economy. Sectors that work with agribusiness, such as farming machinery and biotech, also grow as a result, with the latter seeing some fantastic innovation recently in the fields of drought and pest resistant products.

What have subsequent crises taught business leaders in Argentina?

GU: The key is to plan for the middle and long-term. If you're investing with just the next one or two years in mind, then you're setting yourself up for failure. Businesses have to plan for the next five, or more, years. Continuous change in terms of business and legal parameters is the only thing that can be relied upon. That makes the CFO a very important role here: international companies that import their CFOs from outside the region often struggle to keep up with the pace of change and understand how to work amid a crisis.

> "Argentina is ambitious about its economic future but similarly recognises its issues."

Argentina is ambitious about its economic future but similarly recognises its issues. The crises give us both obstacles and possibilities: we know our economic path will not be straightforward but that will not stop us from working towards improving the business environment.

The most likely transformations for leaders in Latin America over the next 3-5 years are related to technology and developing new services, markets, and business models. Do you have any examples of tech progress in Argentina?

GU: Technology is increasingly front and centre of Argentina's economy. We now have five unicorns (start-ups worth more than US$1bn) and international tech companies are coming here post-IPO because of our workforce and our interest in being a technologically advanced country.

Argentina is increasingly home to contract research organisations, mostly coming from the US, which conduct research into pharmaceuticals, and we have seen our own clients invest more and more into tech research and development. At Mazars in Argentina we have adapted our outsourcing services to use robotic process automation, electronic resource planning and cloud services. This helps us work better and closer with clients as well as passing repetitive low value-added work to robots.

Latin America is the region where the highest proportion of executives see sustainability as a long-term investment. How is Argentina working on its sustainability?

GU: Like other countries on the continent, Argentina is seeking ways to make the mining industry more sustainable. New laws here demand companies take better care of the land and tackle deforestation. It's a non-negotiable issue: younger generations in particular will not allow companies to act with impunity when it comes to environmental, social and governance matters. Their commercial and even political decisions are based on it.

> "Younger generations will not allow companies to act with impunity when it comes to ESG matters."

Argentina is one of the top five countries globally for lithium production. Mined from salt flats, it's a growing area of economic activity for us and it will be a real testament to our commitment to sustainability to see how businesses and the government work together to ensure it is mined as responsibly as possible in the future.

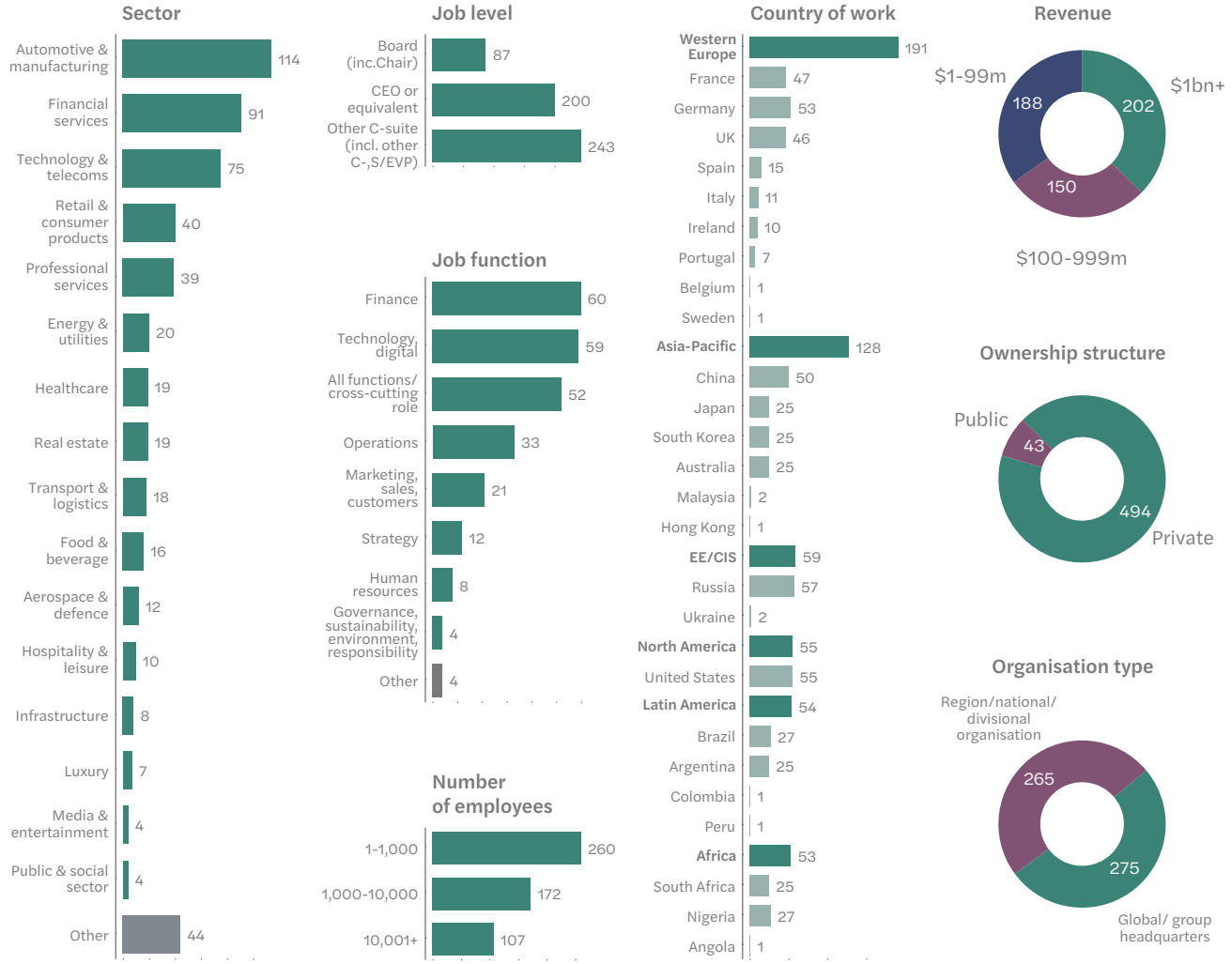
Gonzalo Urien
Managing Partner,
Mazars in Argentina

Methodology

The Mazars C-suite barometer was designed and conducted by GQR Research, in collaboration with Mazars. The main part of the data (540 interviews) was gathered between 14 July and 19 August, 2020. A further 40 follow-up responses were gathered between September and November, 2020.

Respondents were surveyed online. The total sample is N=580, with 511 sourced from online panels and 69 invited via email directly from Mazars. A breakdown of the main sample (n=540) follows (raw respondent numbers):

Job role		Region		Annual revenue		Industry	
CEO or equiv.	200	Latin America	54	$1m-$100m	188	Automotive & manufacturing	114
CFO or equiv.	60	Africa	53	$100m-$1bn	150	Financial services	91
CTO or equiv.	59	Asia-Pacific	128	$1bn+	202	Technology & telecoms	75
COO or equiv.	33	Western Europe	191			Retail & consumer goods	40
Other C-suite role	188	EE/CIS (Russia)	59			Other industry	220
		N. America (USA)	55				



Design

The 2020 Mazars C-suite barometer was designed to measure the views of C-suite leaders (responsible for a business function or region), around the world, on the following topics:

- Their business outlook for 2020 and 2021
- Their view of the short- and long-term impacts of different business activities
- The extent to which their business is increasing or reducing investment across different business activities, and how this outlook may change in the near future
- The trends they expect to impact their business, and how well-prepared they are for them
- Transformations they expect their business to undergo in the coming three to five years

The 2020 data is intended to form a baseline from which these topics can be tracked in future years.

The interviews with the partners in Latin America were carried out between April and May 2021.

Contacts

Milena Bizzarri
Marketing and Communications Director
milena.bizzarri@mazars.com.br

Edward Baggaley
Global Campaigns Manager
edward.baggaley@mazars.co.uk

Ushuaia Guadarrama
Marketing, Communications and BD Manager
ushuaia.guadarrama@mazars.com.mx

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 42,000 professionals – 26,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws

www.mazars.com

© Mazars 2021

mazars