

2022 Compensation & Benefits Trends for Latin American Engineers

Learn about 2021 salary and benefits trends for your remote engineering team and what you can expect in 2022.



Summary

- The year 2021 was pivotal for Latin American technical talent. After seeing their teams go remote in the United States, many companies decided to expand their hiring horizons. The demand surge meant a significant increase in compensation during the first half of 2021, followed by a deceleration in the second half. However, most roles still saw a significant increase in their yearly salary by the end of 2021.
- Demand for senior technical roles remains extremely high as most companies realize the value provided by Latin American engineers once they're part of their teams.
- The most demanded roles like Back-End, Front-End, and Full-Stack Developers, have seen a median increase of 10% to 20% in their yearly compensation during 2021, coming from an increase of 15-20% in compensation during 2020, which seems to be fueled by the continuous surge in demand for these professionals.
- Other than cash compensation, companies are becoming more aggressive with benefits, trying to match the benefits offered to engineers within the US. The most offered benefits include paid time off, stock option plans or equity grants, participation in company gatherings, provision of equipment, and career support and growth –a management strategy for remote teams that identifies and boosts advancement opportunities for the employee based on their own career goals, skills, and personal interests.
- It is expected that 2022 will continue to see rising salaries, improved employment benefits, and higher market demand, all powered by the investment trends which led to VCs surpassing \$100 billion in fundraising during 2021, with average fund sizes higher than ever before at close to \$195 million, according to Pitchbook's NVCA Venture Monitor; as well as the sectors that dominated last year's VC deals –all business-driven tech such as fintech, apps, digital transformation, cybersecurity, and Blockchain/Crypto.
- Besides compensation values getting higher, the gap between the top 10% paid talent and the bottom 10% is sharply increasing within the same seniority level. This is likely a reflection of how competitive the market is. The expectation is that those in the bottom 10% will catch up over the next several months.

Dataset Description

The candidates surveyed had the following characteristics:

- Their location is in Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Mexico, Nicaragua, Peru, Uruguay, or Venezuela.
- They have 3+ years of experience in relevant software development jobs.
- They already have experience working for companies abroad.
- They have an Upper-Intermediate or Advanced English level.
- They are Nexton CORE candidates: candidates assessed by Nexton's internal and external teams and deemed fit to become part of our talent network.
- Their expected compensation was measured annually before taxes and without including benefits (bonuses and stock option plans).
- The number of Latin American senior software developers surveyed was 1314.

The companies surveyed met the following criteria:

- All of the companies surveyed offer 100% remote work.
- The companies surveyed have sourced, or are currently sourcing, candidates through Nexton.
- 222 of their job openings were analyzed.

2021 Yearly Compensation Evolution

With distributed teams becoming the new normal, remote job openings keep growing by the minute in Latin America. As a result, we can see a steady increase in compensation for the top technical talent in the region. This increase translates into these professionals looking for more competitive job offers and being more selective when participating in recruiting processes.

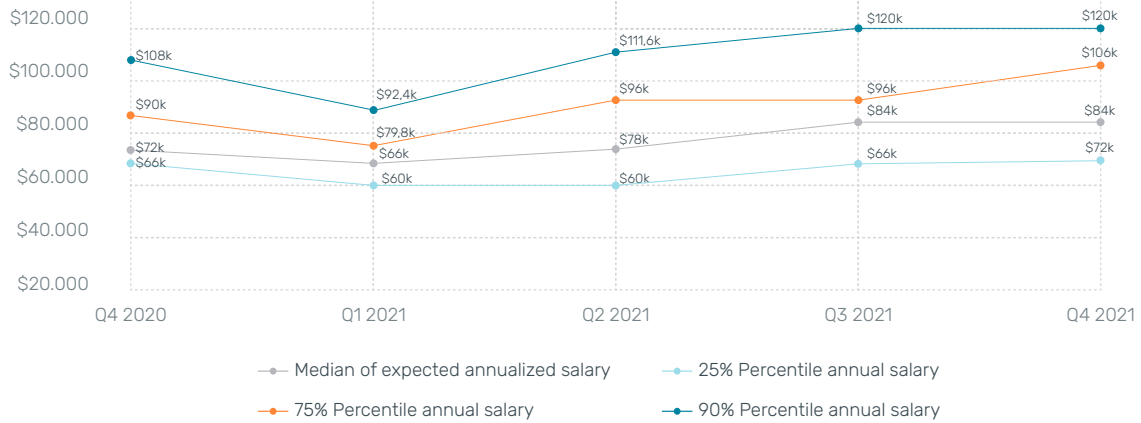
As a company, it means that paying just above the median wage will not be a great hiring strategy as your talent will constantly be offered higher salary opportunities, and employee retention will be difficult. Companies are having to focus on creating attractive benefits packages with perks such as performance bonuses, stock option plans, flexible working hours, and unlimited PTO to retain the talent long-term.

Understanding the salary evolution for each of these roles will allow companies to adjust their compensation to meet market standards adequately.

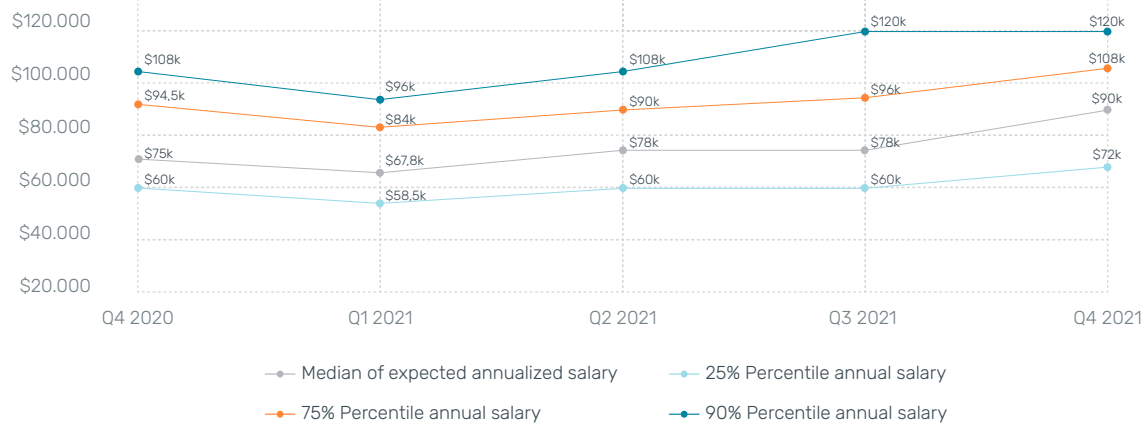




Back-End Developer Compensation Evolution for 2021



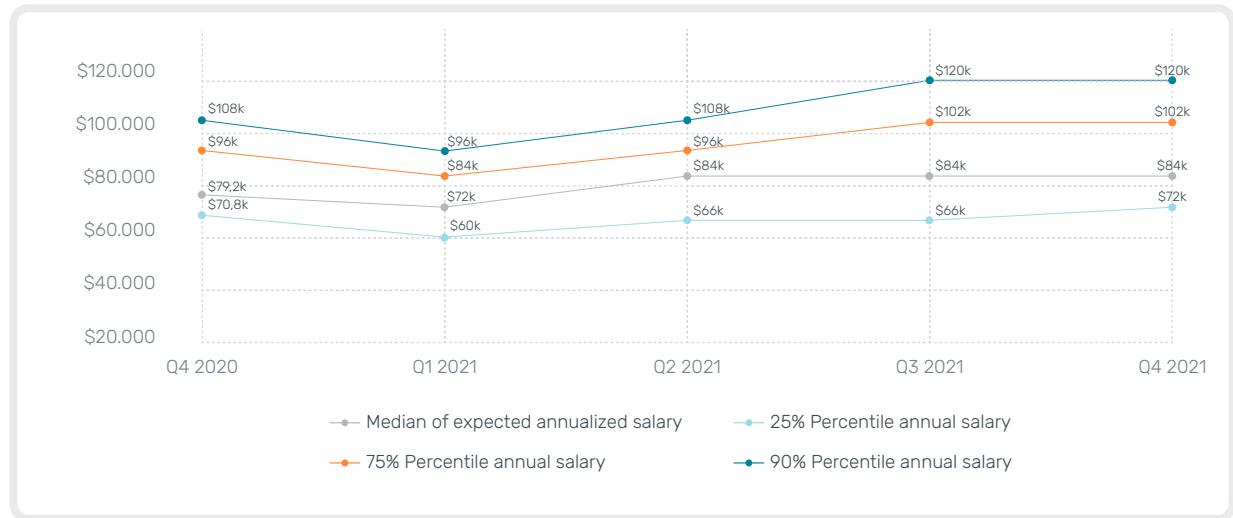
Front-End Developer Compensation Evolution for 2021



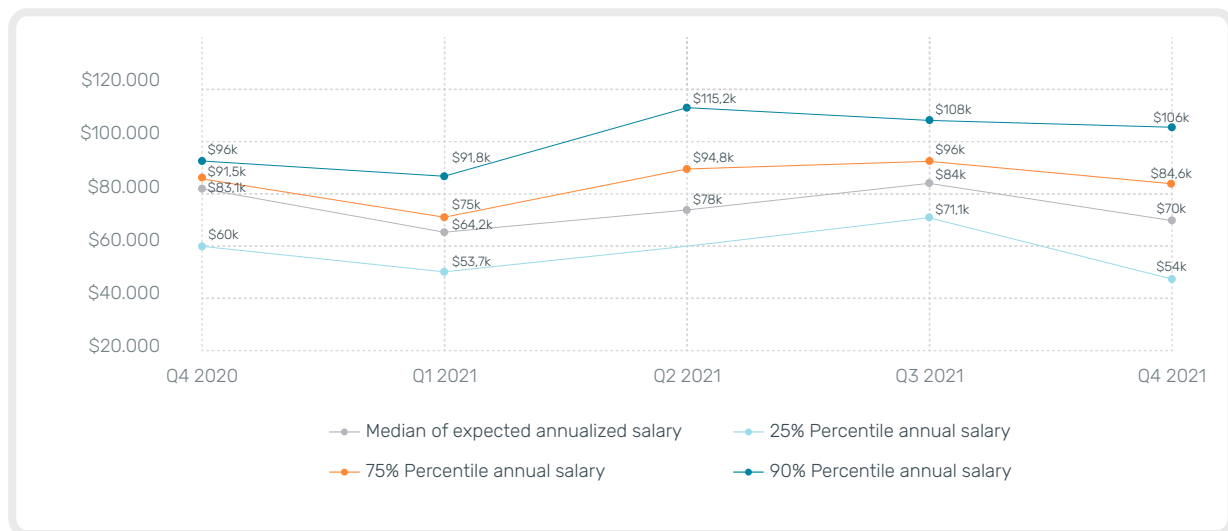
Are you looking to hire engineers?

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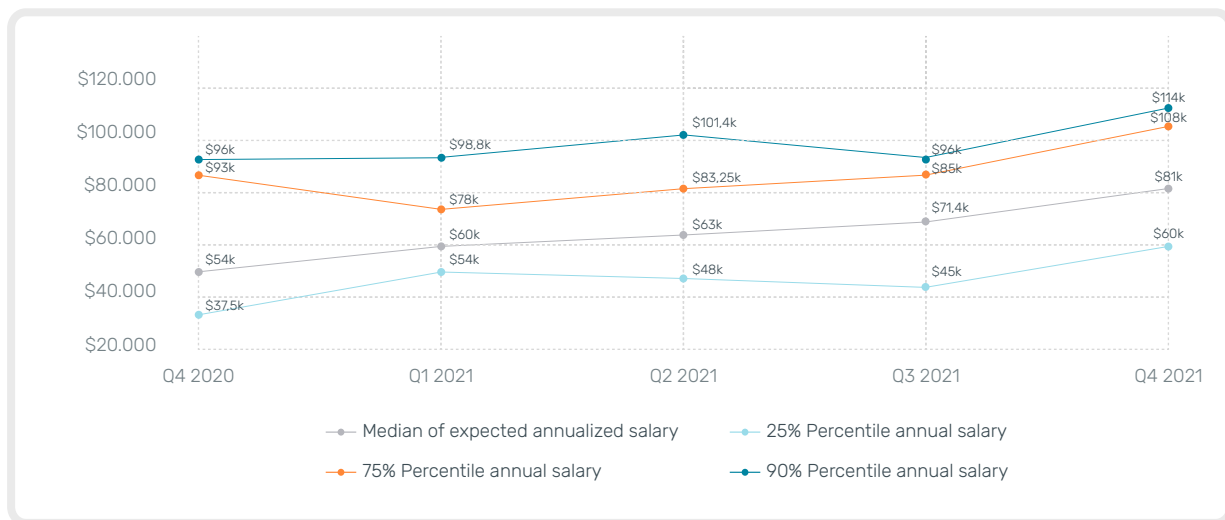
Full-Stack Developer Compensation Evolution for 2021



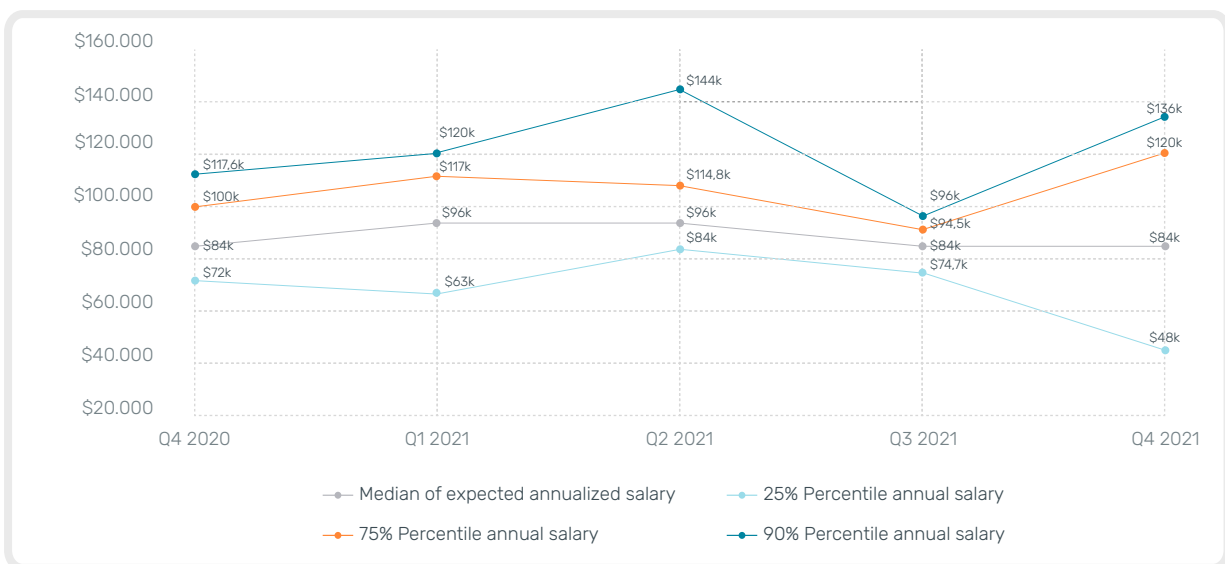
Data Engineer Compensation Evolution for 2021



Data Scientist Compensation Evolution for 2021

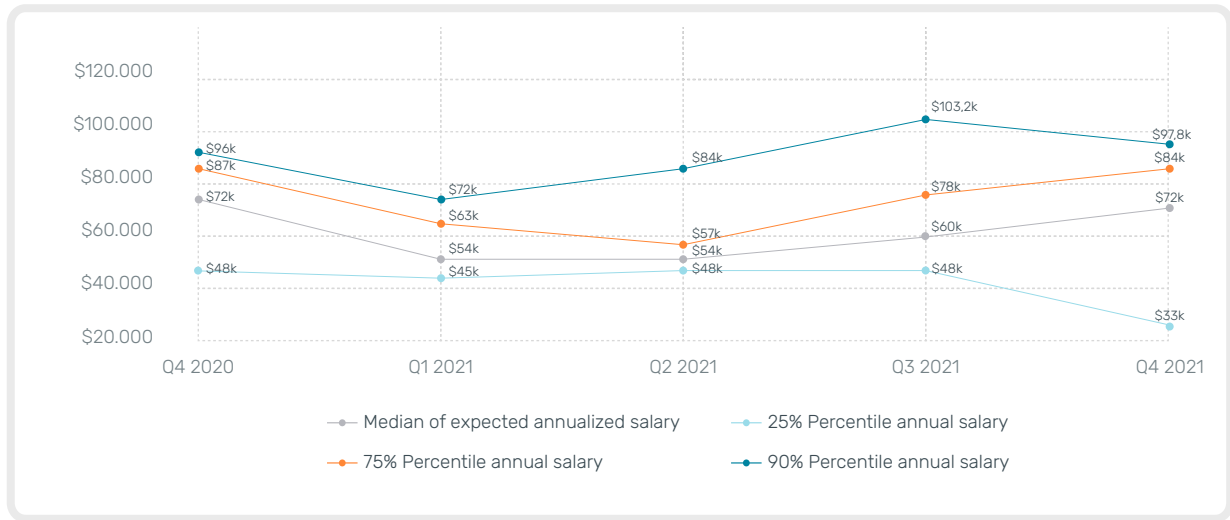


Engineering Manager Compensation Evolution for 2021

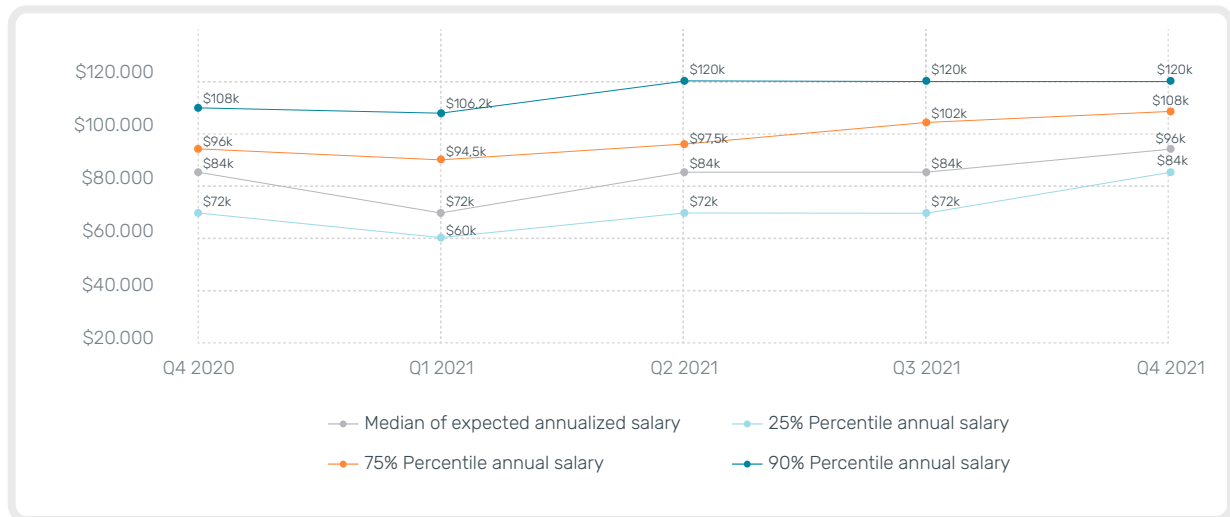




Product Manager Compensation Evolution for 2021



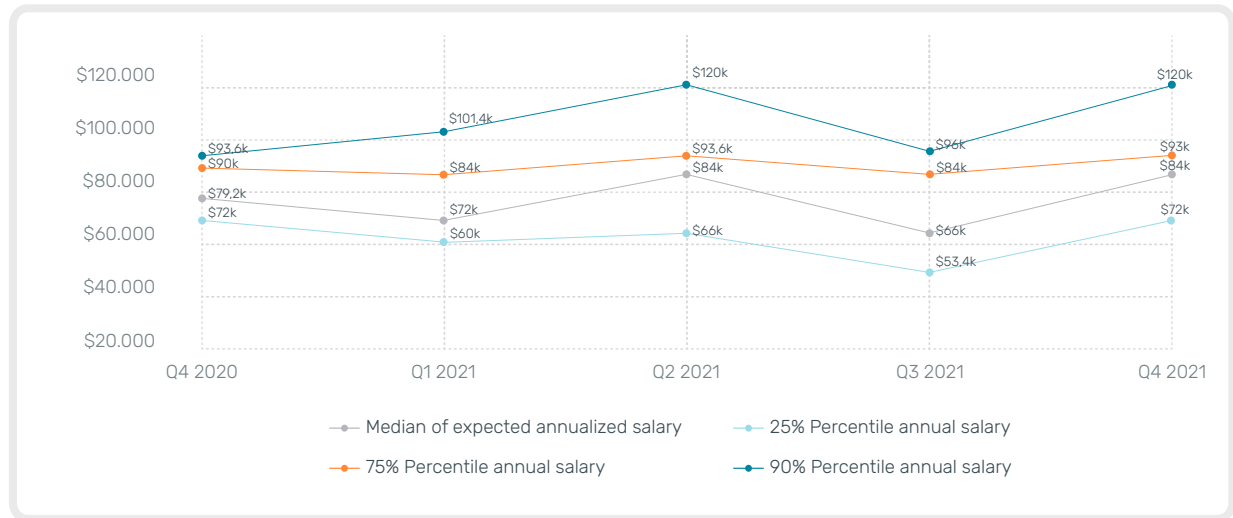
Tech Lead Compensation Evolution for 2021



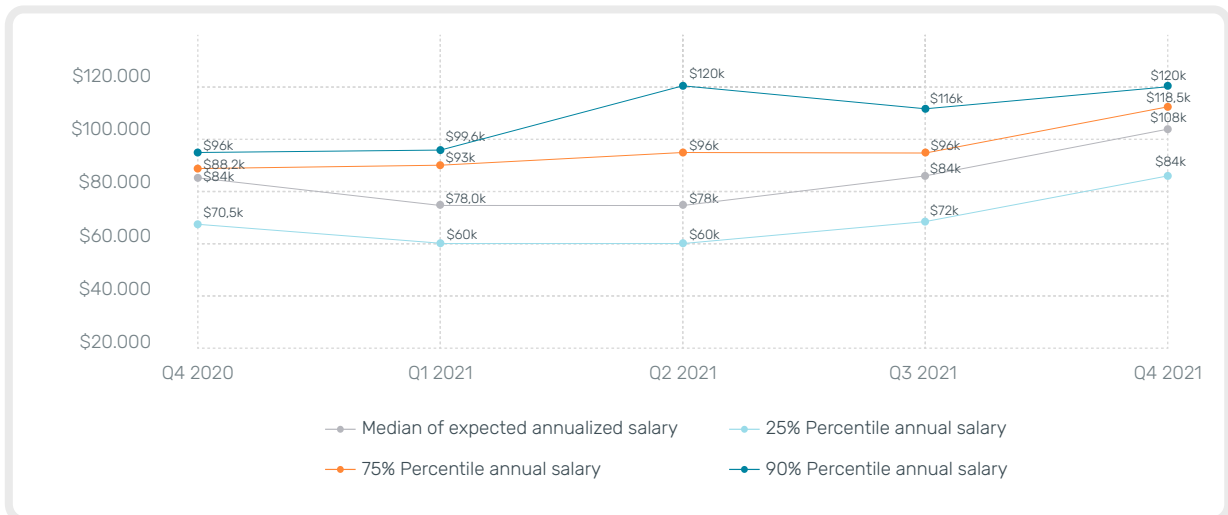
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SRE/DevOps Compensation Evolution for 2021



Mobile Developer Compensation Evolution for 2021



Highlights

- Most demanded roles like Back-End, Front-End, and Full-Stack developers have seen a median increase in their yearly compensation of 12%, coming from an increase of 20% in 2020. More specifically, the role of the Back-End developer saw an increase of USD 12,000 in its median yearly compensation, while Front-End and Full-Stack roles saw a median yearly salary increase of USD 15,000 and USD 4,800 respectively during 2021.
- Throughout 2021, we have seen the increase in salaries grow constantly. This shows that companies now more than ever go out of their way to offer attractive benefits and compensation to retain the talent once it is acquired.
- Mobile developer roles saw a median salary increase of 28.5%, with the top 10% expecting to be paid more than USD 120,000. This increase may be due to more competitive job offers in the market, and talent remaining scarce.
- Throughout 2021, Positions, like SRE/DevOps, that had experienced a decrease in salary during the third quarter of 2021, seem to have stabilized and regained their previous salary range. The data shows that during the second quarter of the year, there was a sudden and abrupt increase in the median salary, which is what may have caused the decrease in the following quarter, after which the compensation and demand for this role stabilized.



Yearly Compensation Gap: Current vs. Expected Salary for 2021

During the survey, each candidate was requested to voluntarily disclose their current salary and their minimum expected salary to consider participating in a recruiting process. The gap between the current salary and the expected salary for these technical job openings can give companies a clue regarding the state of the employment market in their respective fields.

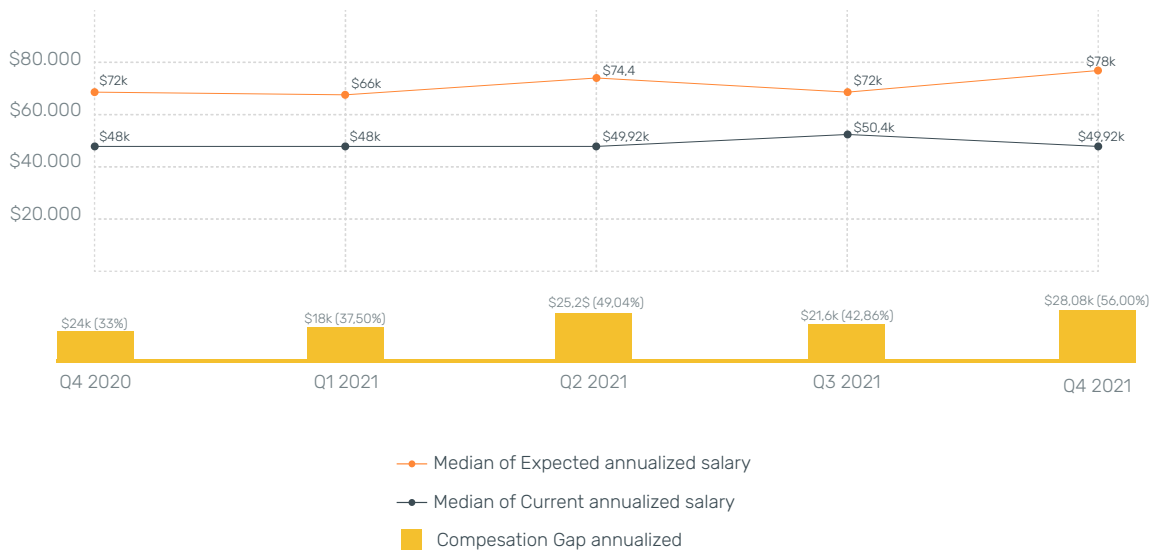
Throughout the year, the gap between expected and current salaries has grown, jumping from USD 18,000 at the beginning of 2021 to USD 28,000 at the end of the year. While, of course, this gap varies depending on the role and seniority level, we can appreciate a significant jump that indicates the market is extremely competitive and candidates will keep aspiring for more lucrative and challenging job opportunities. It is no longer enough to offer a just above average salary, but it is important to take into consideration the benefits offered as well as regularly adjusting compensation according to market trends to retain this so hard-to-find talent.

It is also clear from the numbers that companies are lagging in what they are paying their teams and losing valuable talent as a consequence. In such a dynamic market, our recommendation is to update the compensation of your teams every 3 to 6 months.

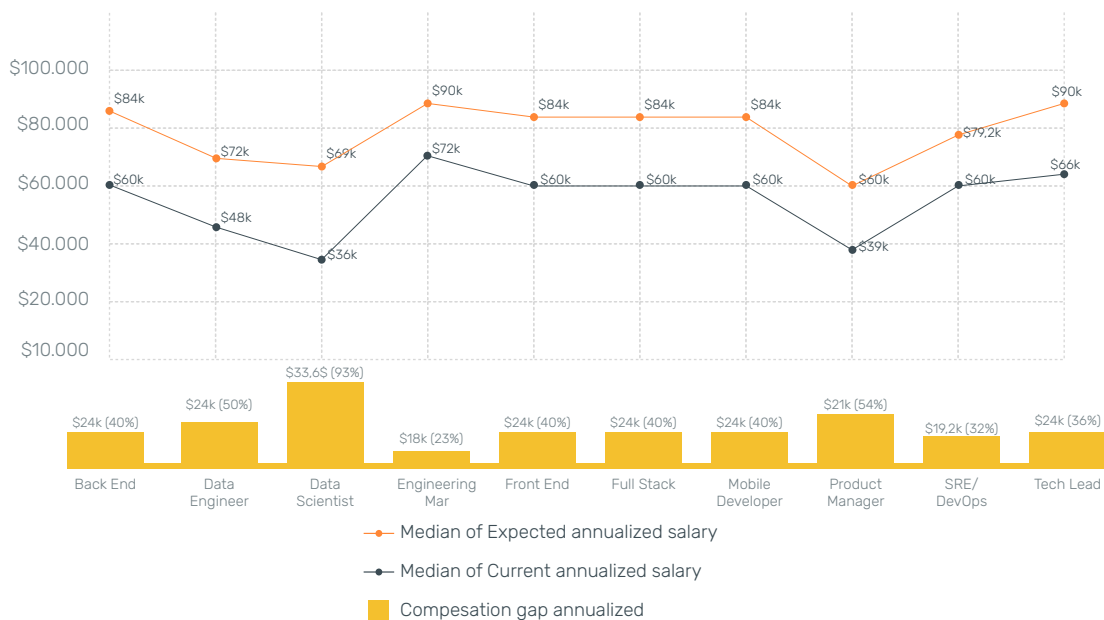
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Current vs. Expected Salary Gap: Analysis by Quarter



Current vs. Expected Salary Gap: Analysis by Role



Highlights

- In the last quarter of 2020, the median gap between the current and expected salary was 33% while the median gap for the fourth quarter of 2021 was 56% (an increase of 23 percentage points). The main reasons for this trend are:
 - Many companies are lagging behind and failing to adjust compensation with enough frequency, thereby negatively impacting talent retention.
 - The job market is getting more competitive as many US and European companies are looking to hire highly skilled talent in the Latin American region. Between the fourth quarter of 2020 and the last quarter of 2021, the median expected salary grew a total of 8.33% in all the roles that were evaluated. In contrast, the median current salary only grew 4% in that same period, creating a disparity between the expected and the actual salaries.



Current vs. Expected Yearly Salary by Country

When analyzed by country, the median gap between current and expected salaries is 15% with the median expected compensation being USD 84,000 a year. In Brazil, Argentina, Chile, Mexico, and Uruguay we can expect to find equally skilled talent for the same yearly wage. One of the reasons the median salary doesn't vary that much across countries is because this talent is part of the Global Workforce and therefore their compensation is no longer tied to the local market but rather to a push and pull between the global and regional market, as well as their skills.

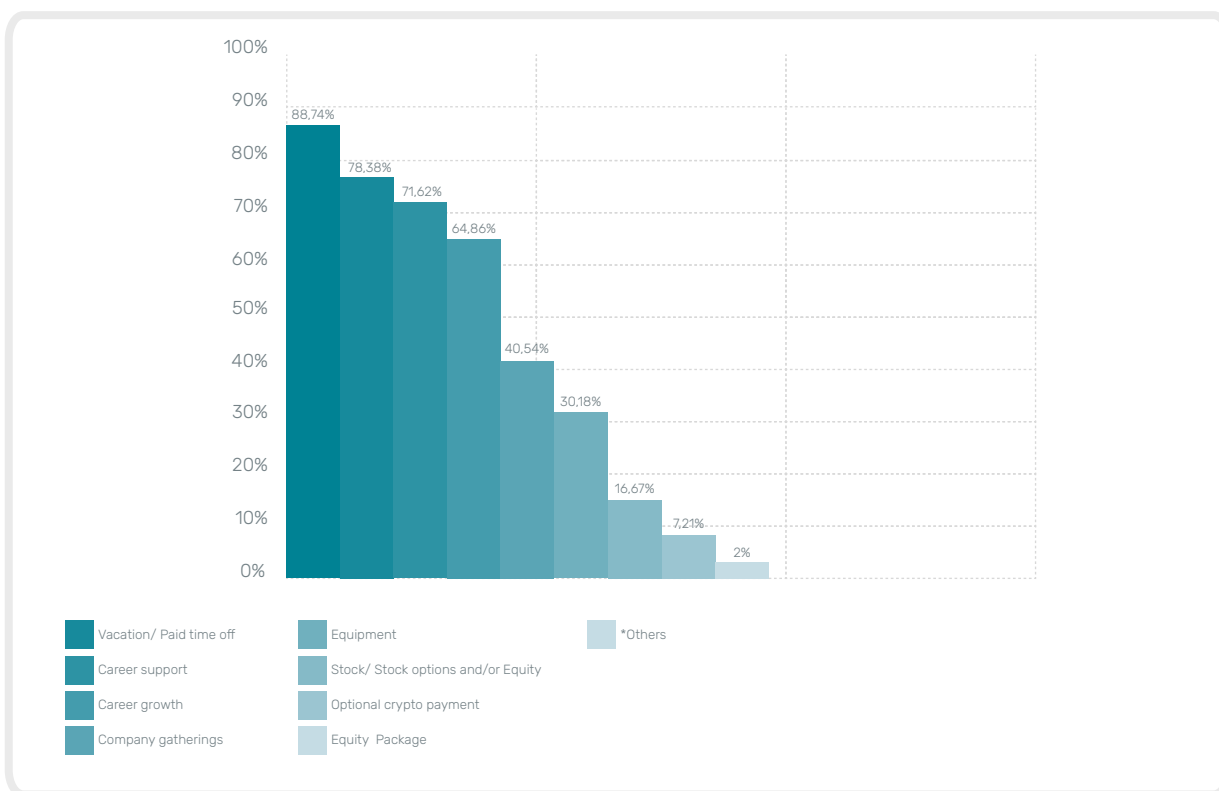
Current vs. Expected Annualized Salary by Country



Most Popular Benefits for Remote Work Opportunities in 2021

Typically the contractual relationship between US companies and talent in Latin America is that of an independent contractor. Traditionally, companies wouldn't offer any benefits to their contractors. However, the sudden increase in competition has been forcing companies to be flexible and start offering employee-like treatment to these remote contractors. So, we gathered the most offered benefits by Nexton's clients that are becoming the norm for remote work. Nowadays, there is a minimal benefits package these candidates expect before jumping into a recruiting process and accepting a job offer. These benefits include paid time off, stock option plans, career support and growth, participating in company gatherings to develop company culture, and provision of work equipment.

Most Offered Benefits by Remote Companies in 2021



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*Learning and development programs
*Health insurance
*Wellness program
*Relocation visa sponsorship
*Relocation assistance
*Paid parental leave
*Relocation package
*Paid time off /work from home flexit
*Paid sick days
*Flexible work schedules
*Dental insurance
*Performance bonus

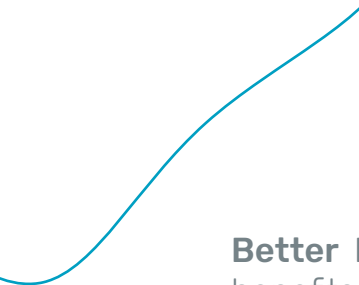
What to Expect in Remote Recruiting for Latin American Talent in 2022

The pandemic undoubtedly led to the consolidation of a Global Workforce, meaning a huge labor pool that works remotely from anywhere in the world, whose salaries are no longer limited by the local demand of talent. Compensation for the Global Workforce now falls between what global companies offer and what local companies offer. In other words, their compensation is tied to a push and pull between the local and the global markets.

So, what can you expect for 2022? We believe that remote work will continue to expand its presence among industries. **The “new normal” seems to be here to stay** and many more corporations and industries are embracing what first started as a contingency plan for the pandemic.

Raising Salaries: We expect compensation to **keep increasing** in 2022 but at a slower pace than last year. As remote work consolidates, there's a visible increase in demand for highly skilled talent across the region. In fact, according to the **Y Combinator**, in 2019 only 15% of small companies on the **Work at a Startup** platform were building remote teams, and throughout 2021 this number changed to 86%. At the same time, talent keeps looking for opportunities that will signify a higher quality of life and thus are pushing back on going back to the office and instead are looking for remote opportunities.





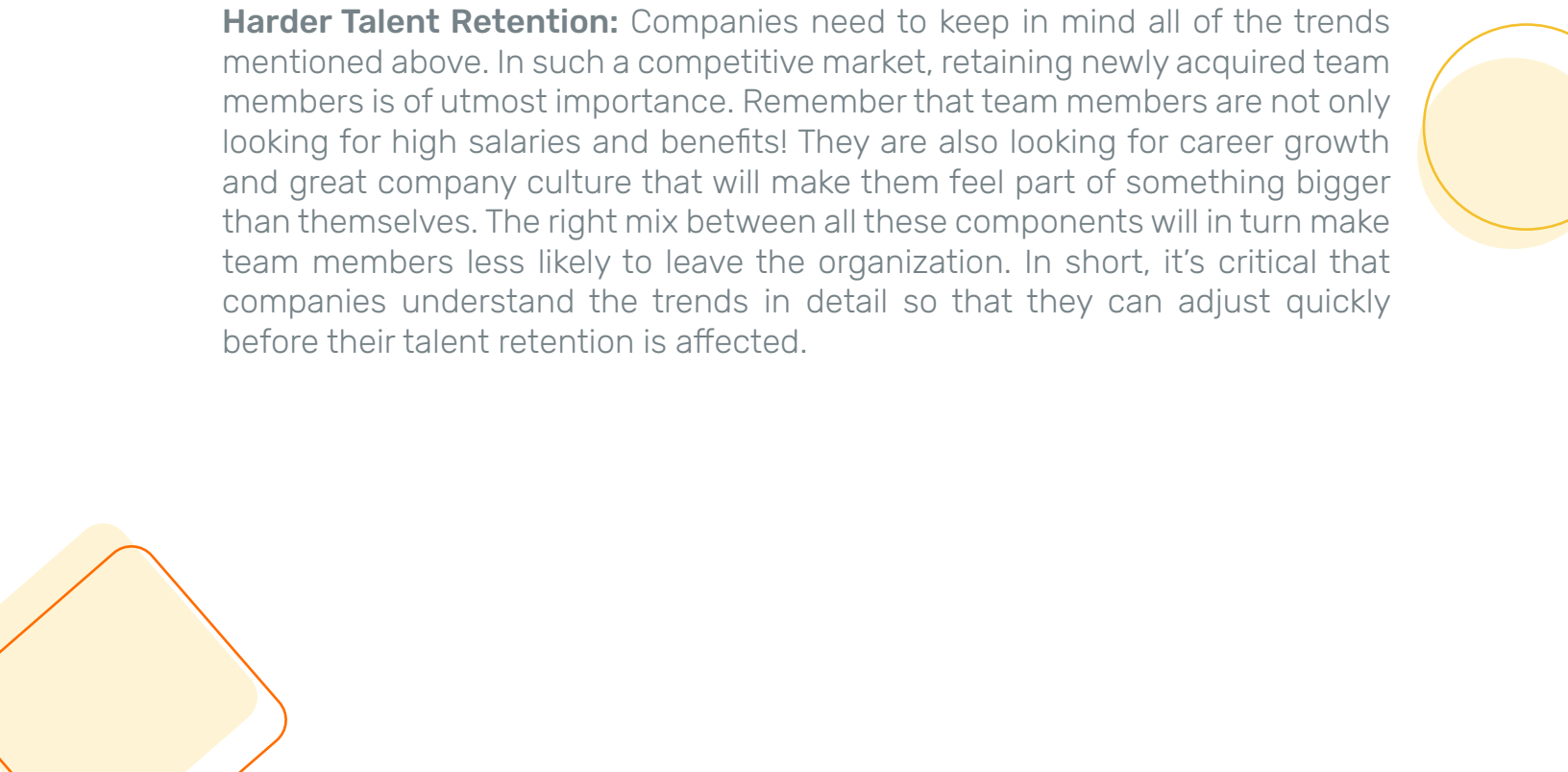
Better Benefits: As mentioned before, we are also seeing a shift in the benefits offered to candidates. The gap between US employee benefits and LATAM contractor benefits is closing, and the companies that offer solutions to this gap will emerge, offering employee-like benefits and experiences to contractors in Latin America. It is no longer enough to offer PTO, as many are offering stock option programs, company equipment, and optional payment in cryptocurrency. This improvement in the benefits offered is a consequence of the high demand for the talent which in turn has resulted in difficulty in retaining talent once it has been acquired.

Optimized Processes: Due to the high demand for technical talent in the region, we expect to see a shift in the recruiting processes. The sheer number of offers that reach technical talent these days makes them much more selective in which processes they participate in. When recruiting in LATAM, companies should think of the entire process as a product: by optimizing the flow and customizing it to the talent, they can attain the best talent out there.

As a result, companies looking to quickly engage with these professionals need to optimize their recruiting processes, making them the first ones to reach the offer stage and present it in a highly attractive way.

Processes with many interviews, challenges, and time between each of the recruiting steps will see a high candidate churn as these professionals often participate in many recruiting processes at the same time and know that they will likely receive another interview invitation in the near future.

Harder Talent Retention: Companies need to keep in mind all of the trends mentioned above. In such a competitive market, retaining newly acquired team members is of utmost importance. Remember that team members are not only looking for high salaries and benefits! They are also looking for career growth and great company culture that will make them feel part of something bigger than themselves. The right mix between all these components will in turn make team members less likely to leave the organization. In short, it's critical that companies understand the trends in detail so that they can adjust quickly before their talent retention is affected.

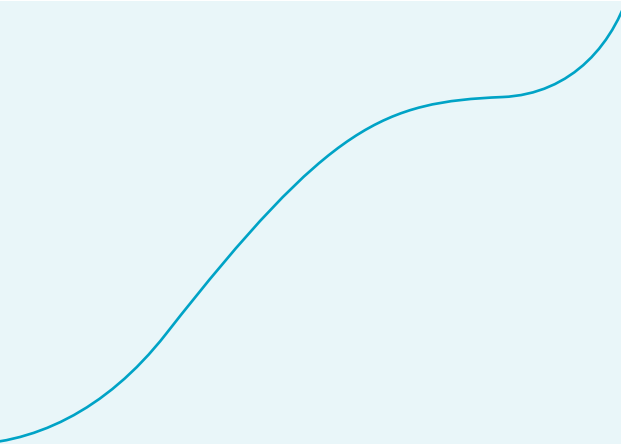


At Nexton, we help Founders and CTOs from remote and hybrid companies recruit Latin American top-tier senior technical talent. Our engineering-led recruiting team is sophisticated and able to significantly improve recruiting funnel metrics, saving time and money in the recruiting process. Our typical screening-to-hire ratio is 4:1.

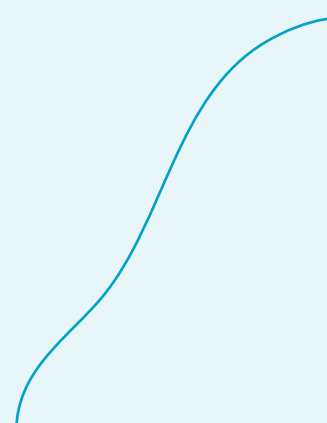




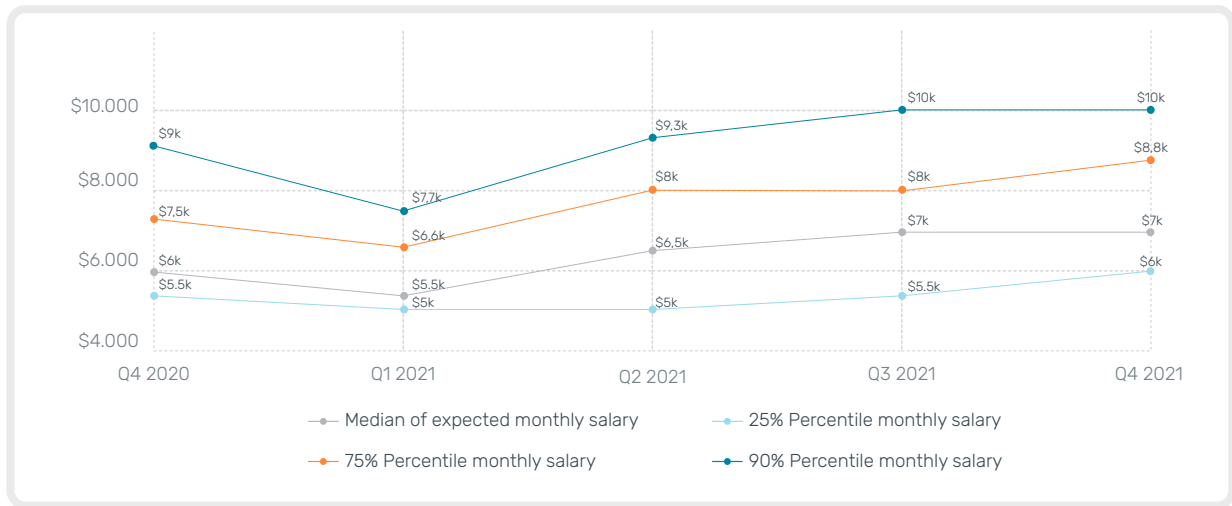
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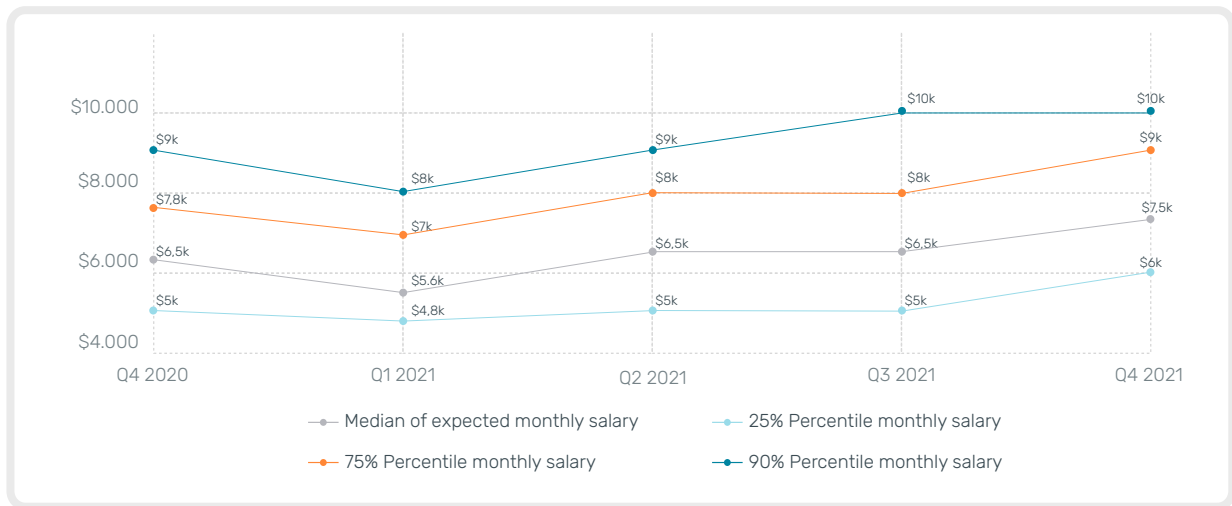
Annexes: Compensation values expressed
on a per month basis



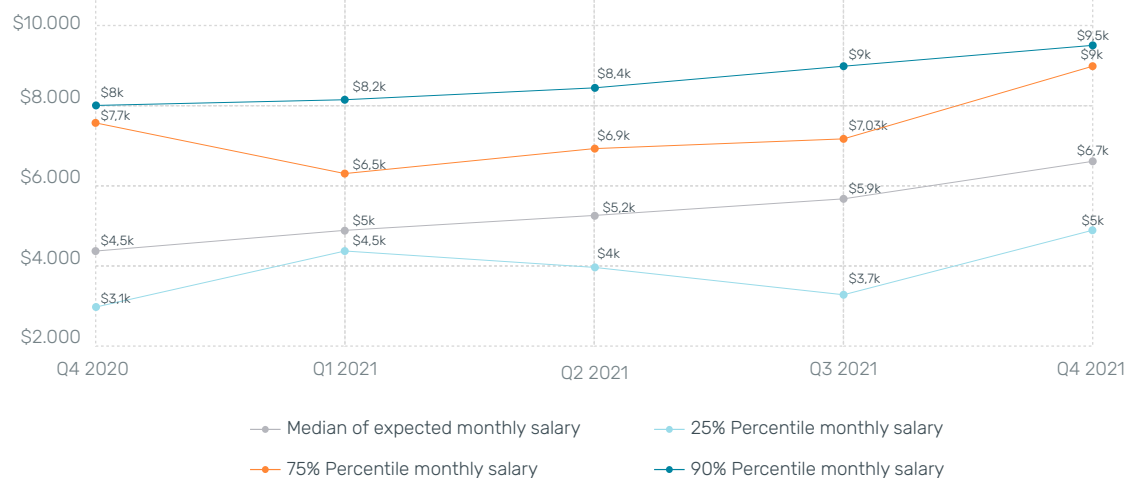
Back-End Developer Monthly Compensation Evolution for 2021



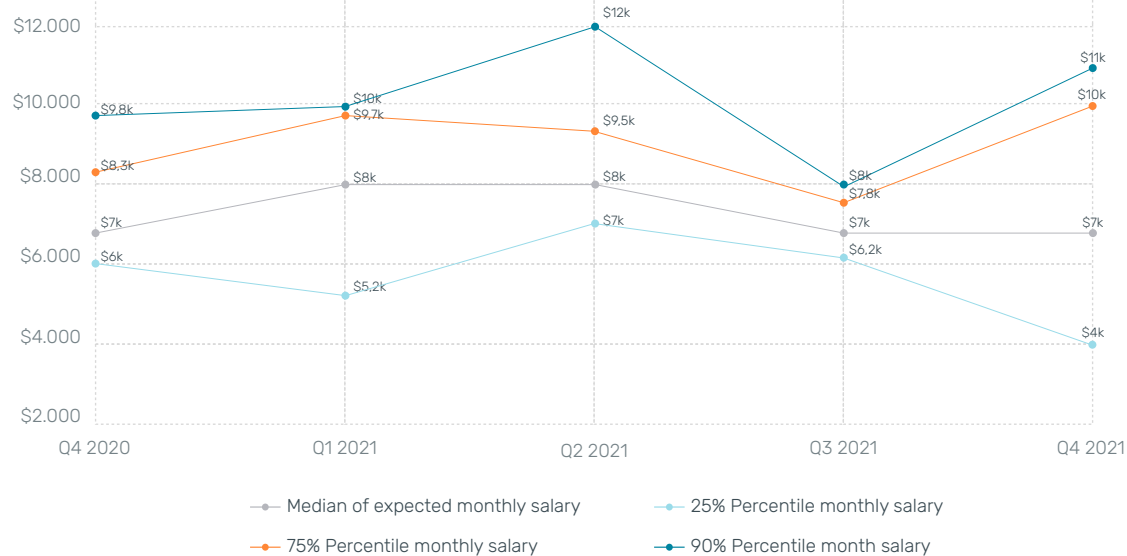
Front-End Developer Monthly Compensation Evolution for 2021



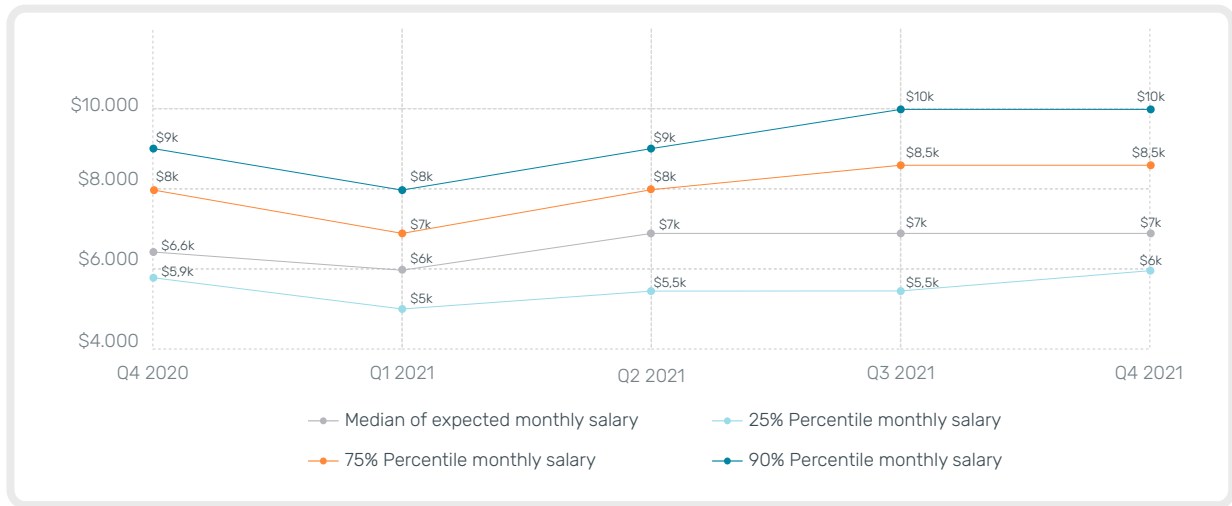
Data Scientist Monthly Compensation Evolution for 2021



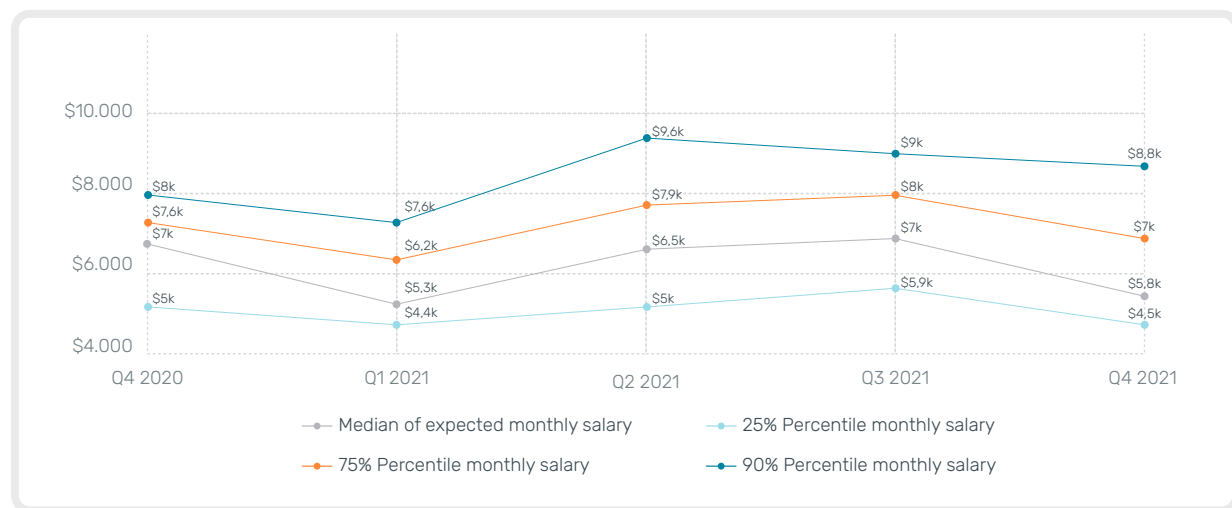
Engineering Manager Monthly Compensation Evolution for 2021



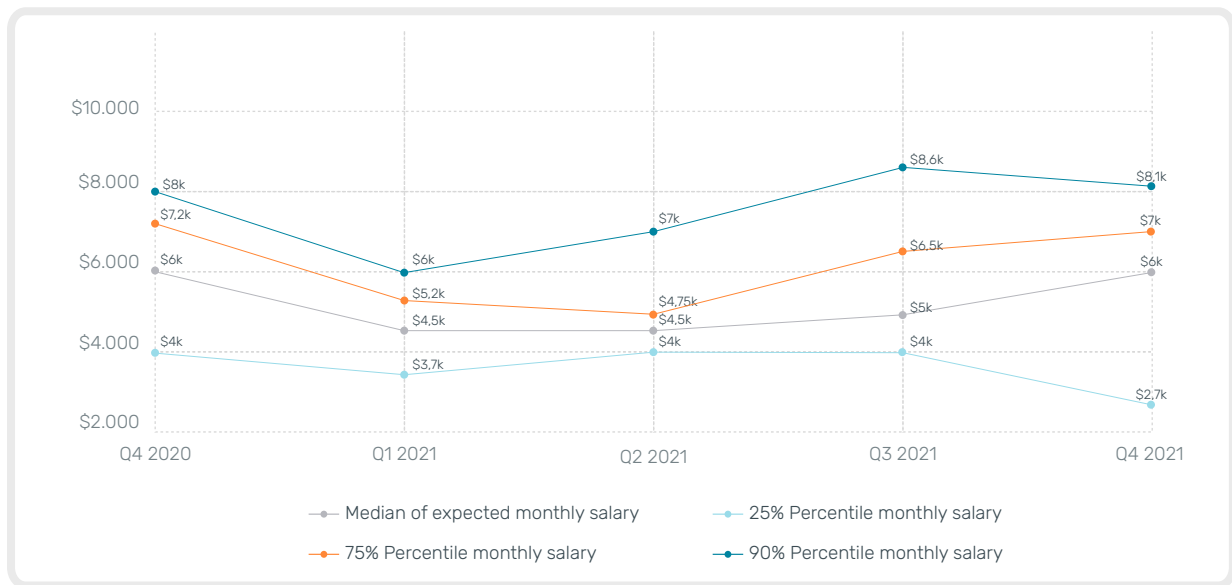
Full-Stack Developer Monthly Compensation Evolution for 2021



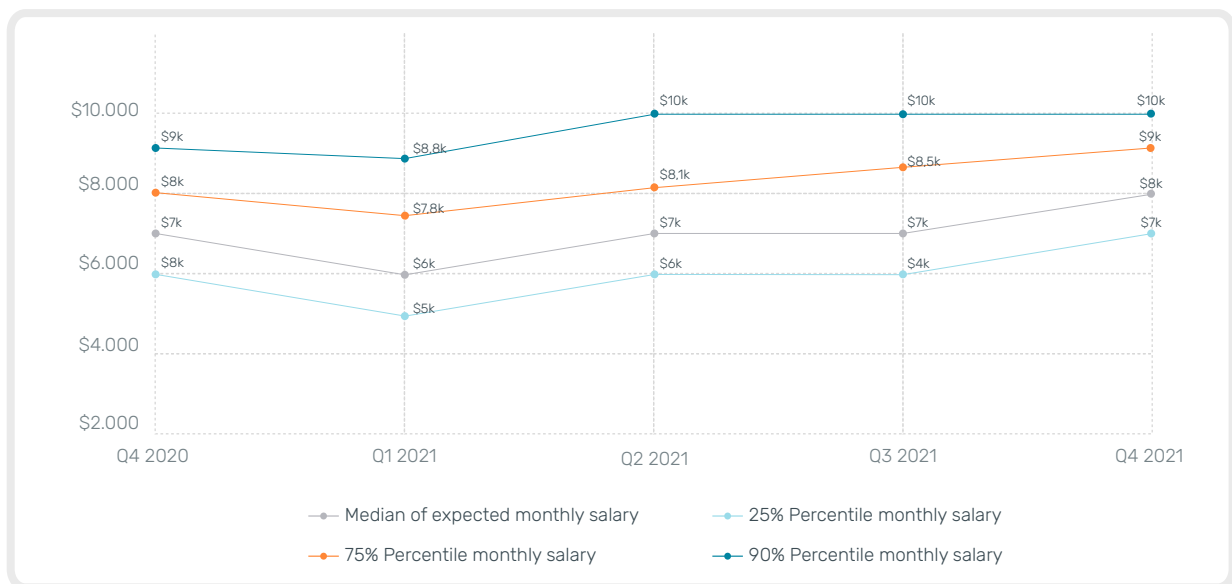
Data Engineer Monthly Compensation Evolution for 2021



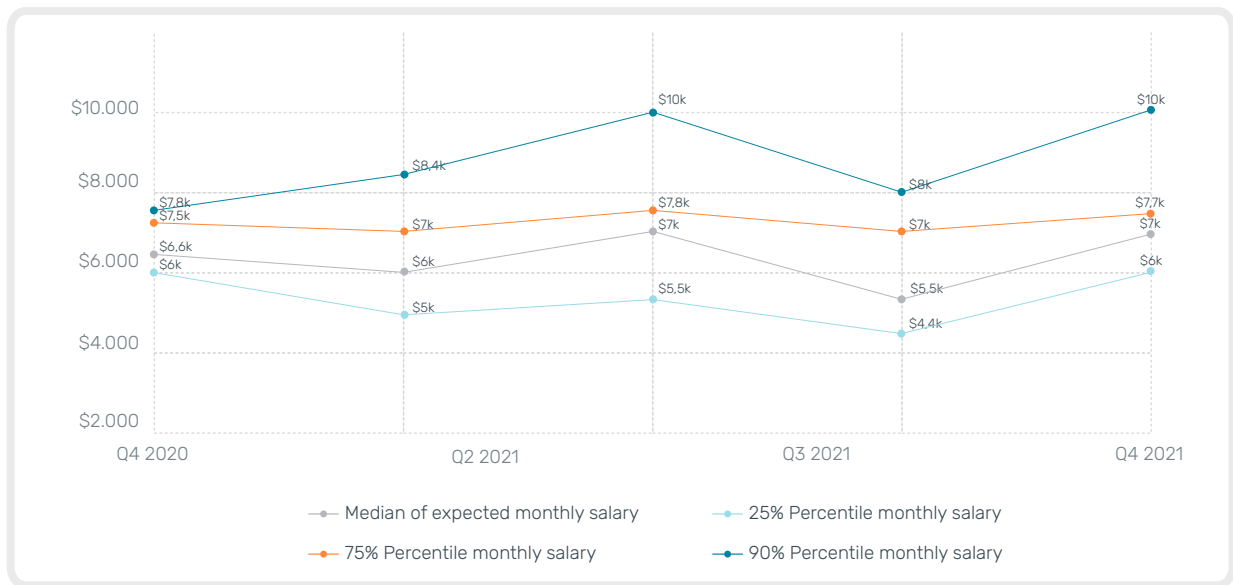
Product Manager Monthly Compensation Evolution for 2021



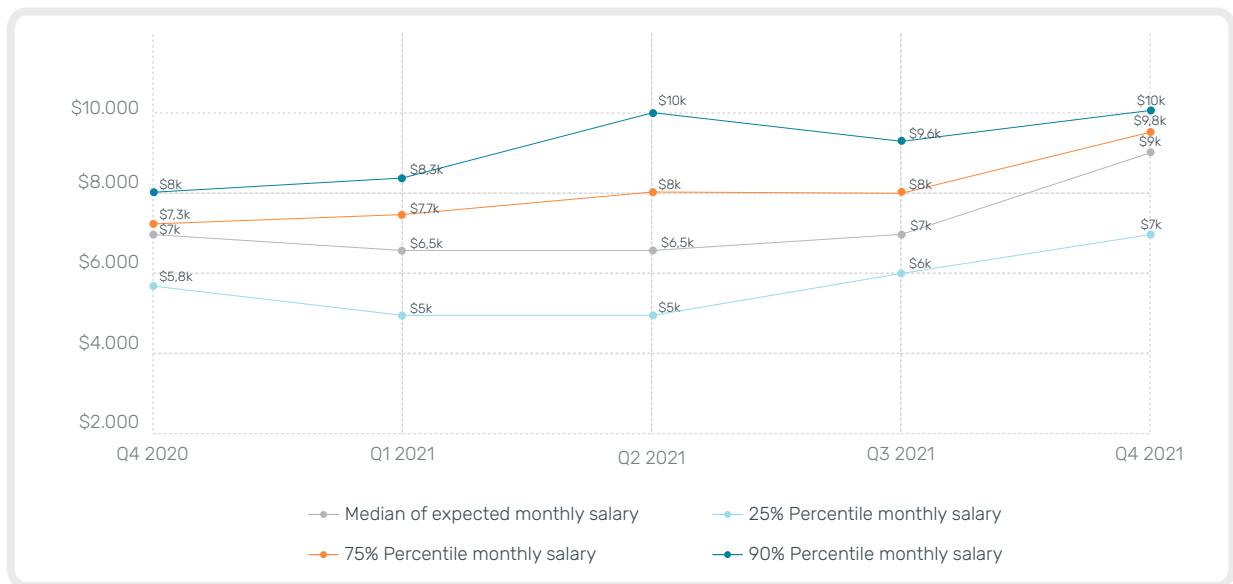
Tech Lead Monthly Compensation Evolution for 2021



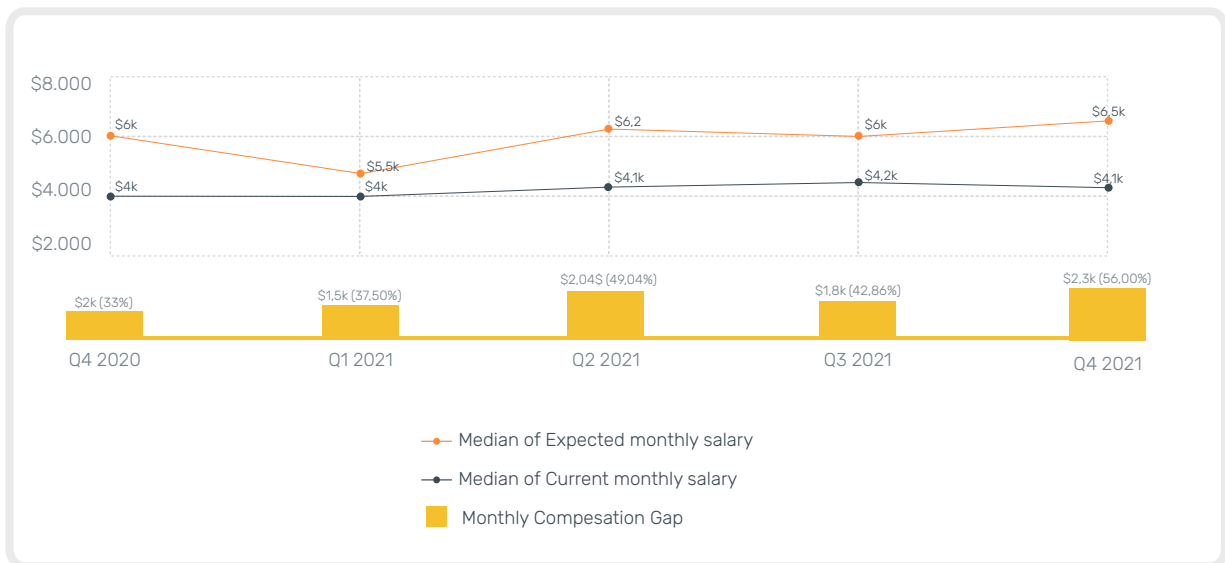
SRE/DevOps Monthly Compensation Evolution for 2021



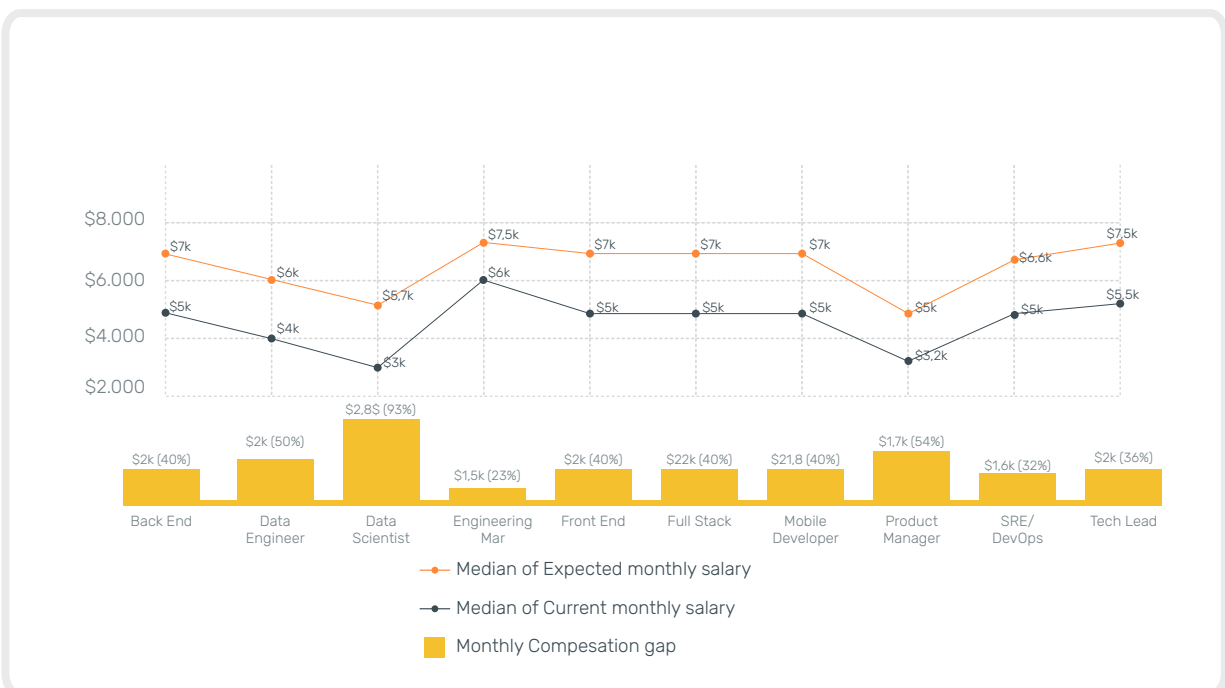
Mobile Developer Monthly Compensation Evolution for 2021



Current vs. Expected Salary Gap: Analysis by Quarter



Current vs. Expected Salary Gap: Analysis by Role



Current vs. Expected Monthly Salary by country

