

PDF

Remote Compensation in Latam

A Regional Overview and
Industry Outlook

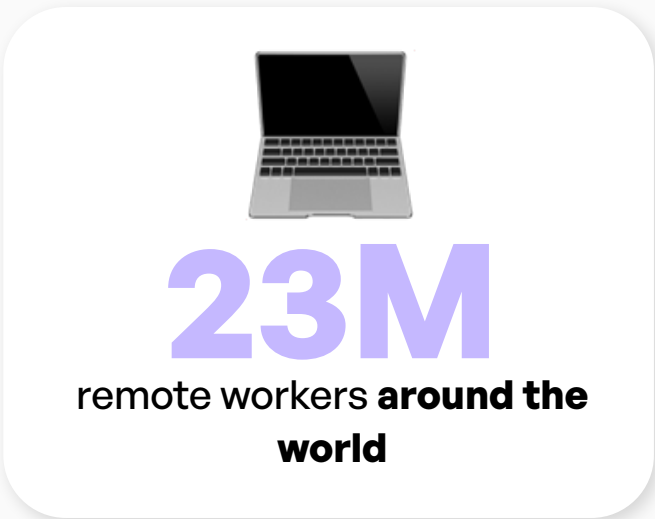


Introduction

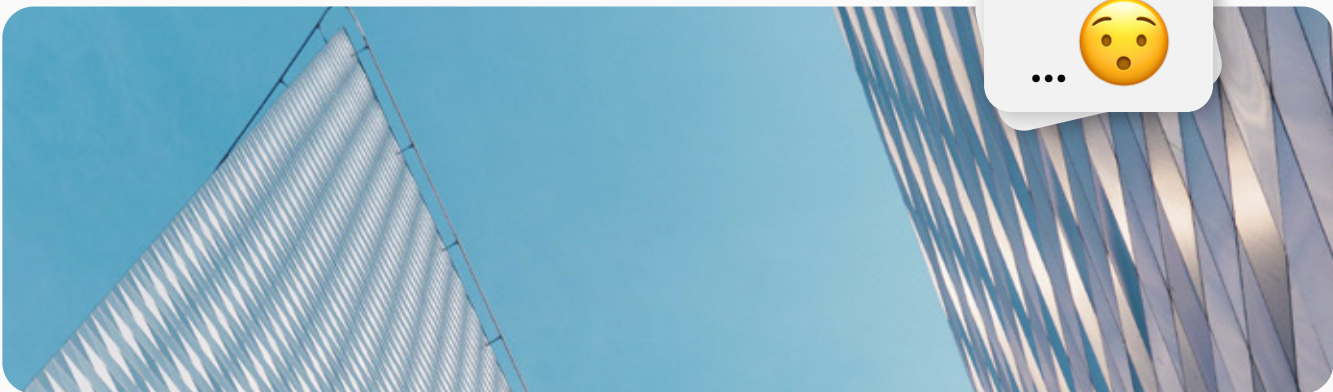
Should your company go remote-first?

In recent years, the concept of remote work has gained significant attention and popularity among both companies and workers. **With advancements in technology, it has become increasingly feasible for companies to adopt a remote-first approach**, where the majority or all of their workers work from remote locations.

A recent study done by the International Labor Organization revealed that before the pandemic was declared by the World Health Organization, **only 3% of the population was working remotely**. However, once the pandemic was officially announced, **around 23 million workers began working from home**. (A total of 6% of the population).

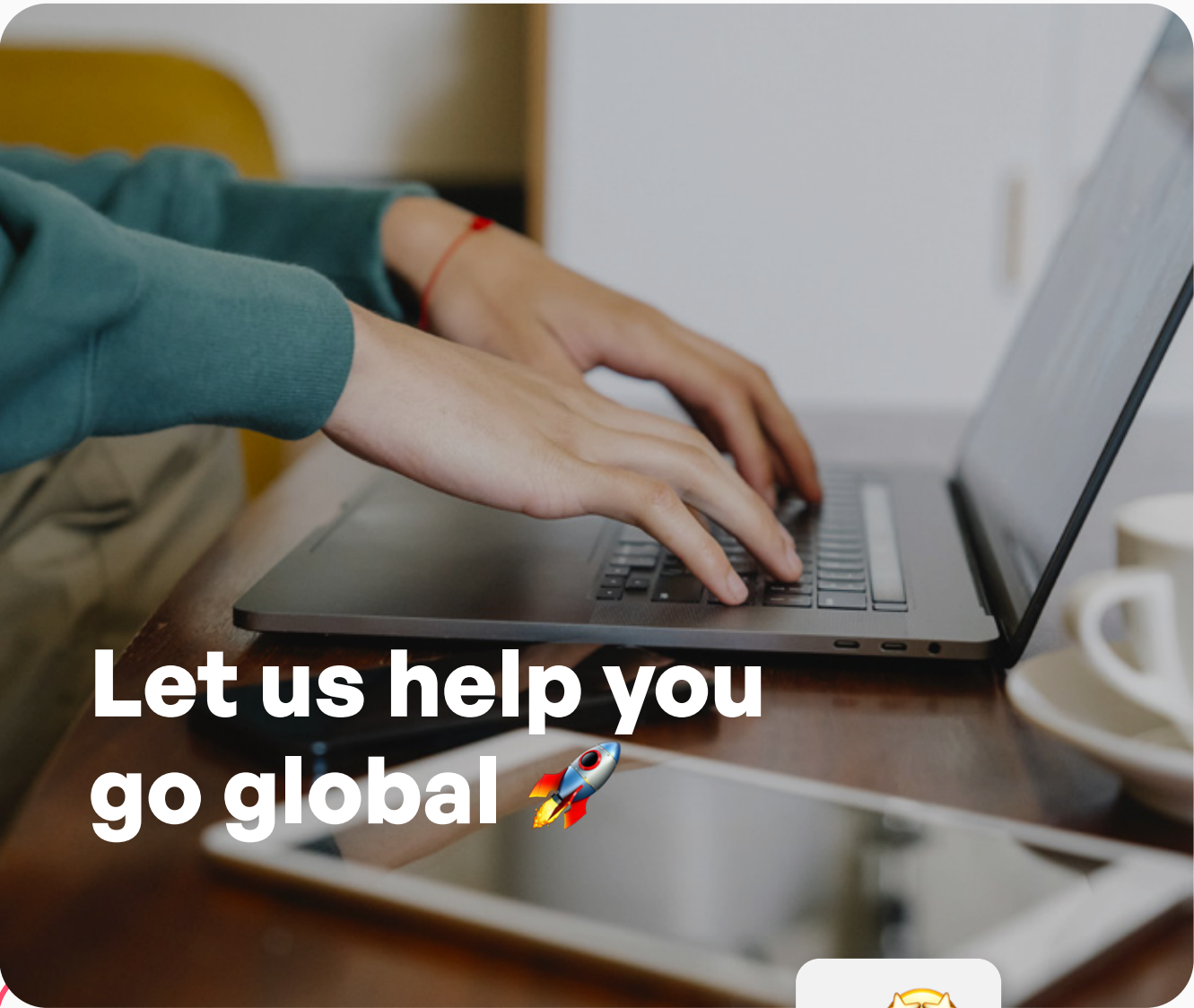


This report aims to help the reader **understand the general overview of remote positions and their compensation** in Latin America (“Latam”).

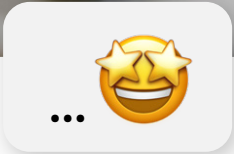


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Why hire Remote workers in Latin America?

It has a **rapidly growing economy and a skilled workforce**, making it an attractive location for companies looking to hire remote workers. The region is home to a large pool of talented professionals and the cost of living in many Latin American countries is lower than in the United States and Europe, which means that companies can often pay their remote workers' competitive compensations while also keeping their costs down.

For companies looking to hire talented professionals from around the world while keeping their costs down, Latin America is an excellent option to consider.



Remote Compensation in Latam

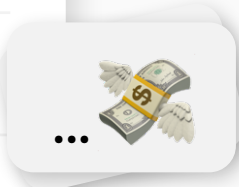
A **position's compensation** is often one of the most relevant aspects when applying for a remote position. The compensation rate varies depending on factors such as the applicant's highest degree, professional experience, work skills, and the capacity that the contracting company has to pay their workers, among other factors.

The pandemic has caused many changes in Latin America. One of the most impressive changes is **the rate at which remote hiring has occurred in Latin America**, even more than in Europe, the middle east, or Africa. However, this situation only presents part of the picture and has not resulted in higher remuneration for these positions compared to other continents.



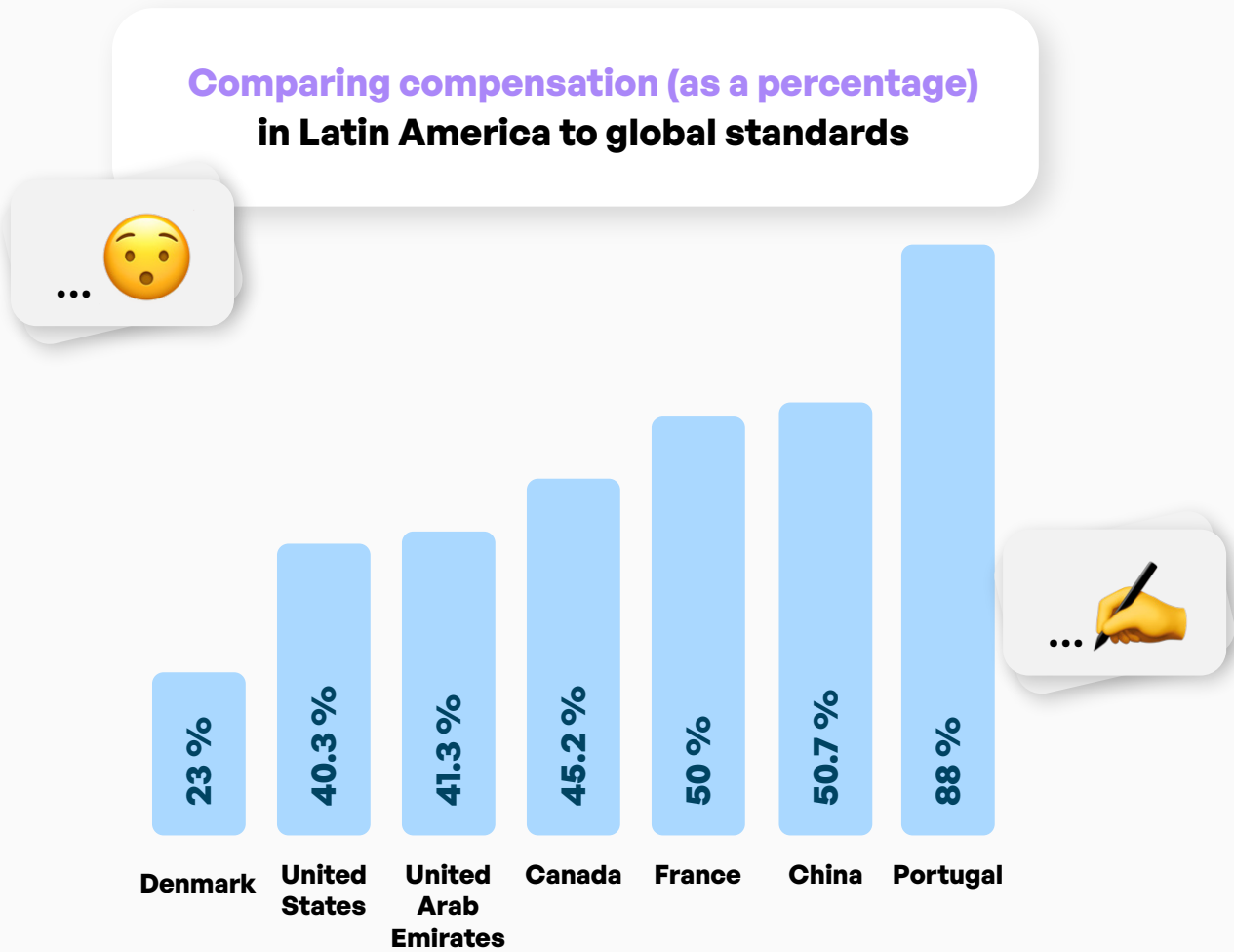
The table below shows a comparison between **countries around the world regarding the average compensation per month** that workers earned throughout 2022.

COUNTRY	AVERAGE COMPENSATION
Denmark	\$6,000 USD
United States	\$3,407 USD
United Arab Emirates	\$3,324 USD
Canada	\$3,036 USD
Peru	\$2,796 USD
France	\$2,754 USD
China	\$2,708 USD
Mexico	\$1,927 USD
Potugal	\$1,560 USD
Bolivia	\$1,400 USD
Colombia	\$1,374 USD
Spain	\$981 USD
Brazil	\$873 USD
Sweden	\$534 USD
India	\$371 USD



The average compensation earned by **workers in Latin America is \$1.674** Now





*Higher percentage indicates higher similarity with Latin American compensation

When it comes to earning higher compensation as a remote worker in Latin America, there are several key factors that can greatly impact their earning potential. Based on our research, some of the top abilities that companies value the most are:

- **Native English proficiency:** Many remote positions require regular communication with clients or team members from English-speaking countries, and having strong English language skills can be a major asset.
- **Years of experience:** Just like with traditional in-office jobs, remote companies often value workers with significant experience in their field. If you have a track record of success in your industry and can demonstrate that you have the skills and knowledge to succeed in a remote environment, you may be able to command a higher salary.

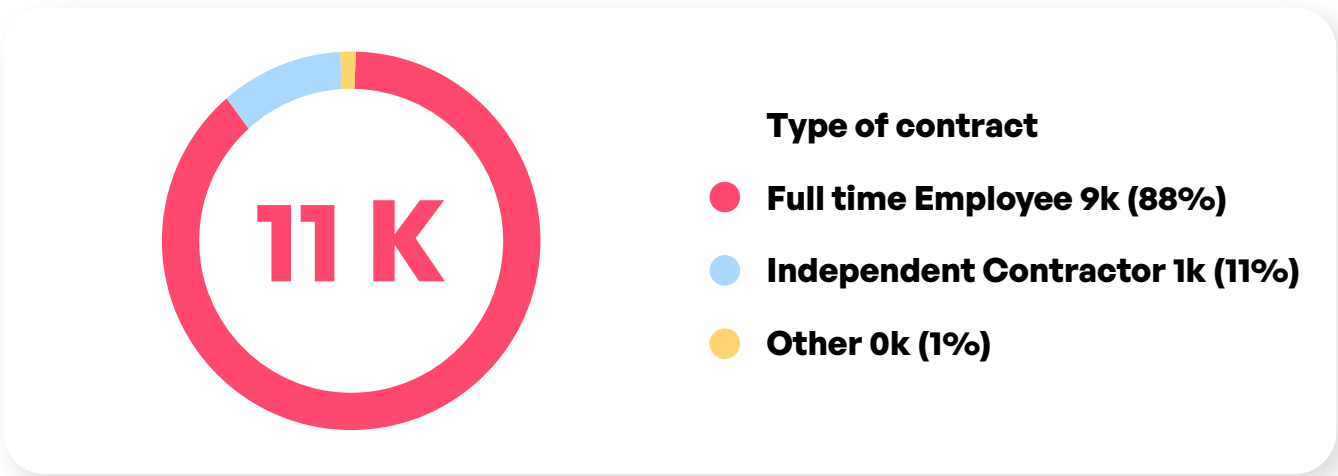
- **Technology knowledge:** Given the nature of remote work, having a strong grasp of technology is essential.
- **Soft skills:** Finally, it's important to remember that remote work requires strong communication, collaboration, and time-management skills.

Types of contracts for remote workers

Moreover, it is essential for companies to consider the various types of contracts available for remote workers, such as independent contractor agreements or full-time employee contracts.

An independent contractor agreement is a type of contract that involves a business hiring a self-employed individual to complete specific tasks or projects. The contractor is not considered an employee of the company and is responsible for paying their own taxes and providing their own equipment.

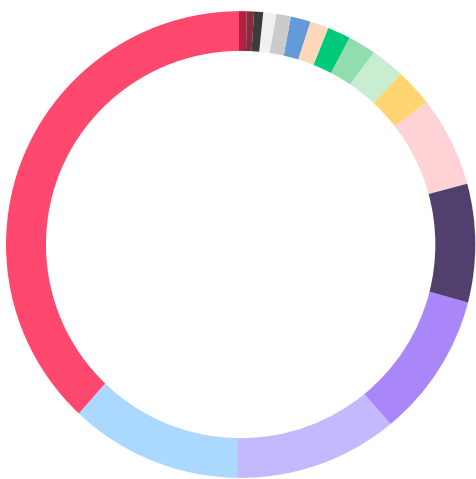
On the other hand, a **full-time employment contract** is a more conventional agreement that provides benefits and job security in exchange for the employee's commitment to the company. Full-time employees typically receive a consistent salary or hourly wage and enjoy perks such as healthcare, paid vacation time, and retirement plans. It is important to note that independent contractor agreements are typically subject to civil law, whereas full-time employee contracts are governed by labor law. As of now, in Latin America, the distribution is as follows:





Companies seeking services like those provided by Ontop, which involve hiring full-time employees (EOR), freelancers, and hourly-rate workers (Contractors), **tend to prefer the contractor model in areas such as sales, technology, health, and company culture.**

Job areas hiring remote workers



- IT 1.9K (38%)
- Sales 0.6k (12%)
- Operations 0.56k (11%)
- Marketing 0.49k (10%)
- Product 0.41k (8%)
- Costumer Service 0.31k (6%)
- Human Resources 0.14k (3%)
- Excecutive Direction 0.1k (2%)
- Public Relationships 0.01k (0%)

**Data collected in october 2022.*

According to the **"Workers vs Job Areas"** graph, the **IT sector has the highest share of contract opportunities**, accounting for 38% of all opportunities facilitated by the Ontop platform.

Sales positions came in second place with 12%, followed by Operations at 11%. This trend could be attributed to the increasing demand for technology and digital solutions across various industries, leading to an increased need for IT professionals with specialized skills.

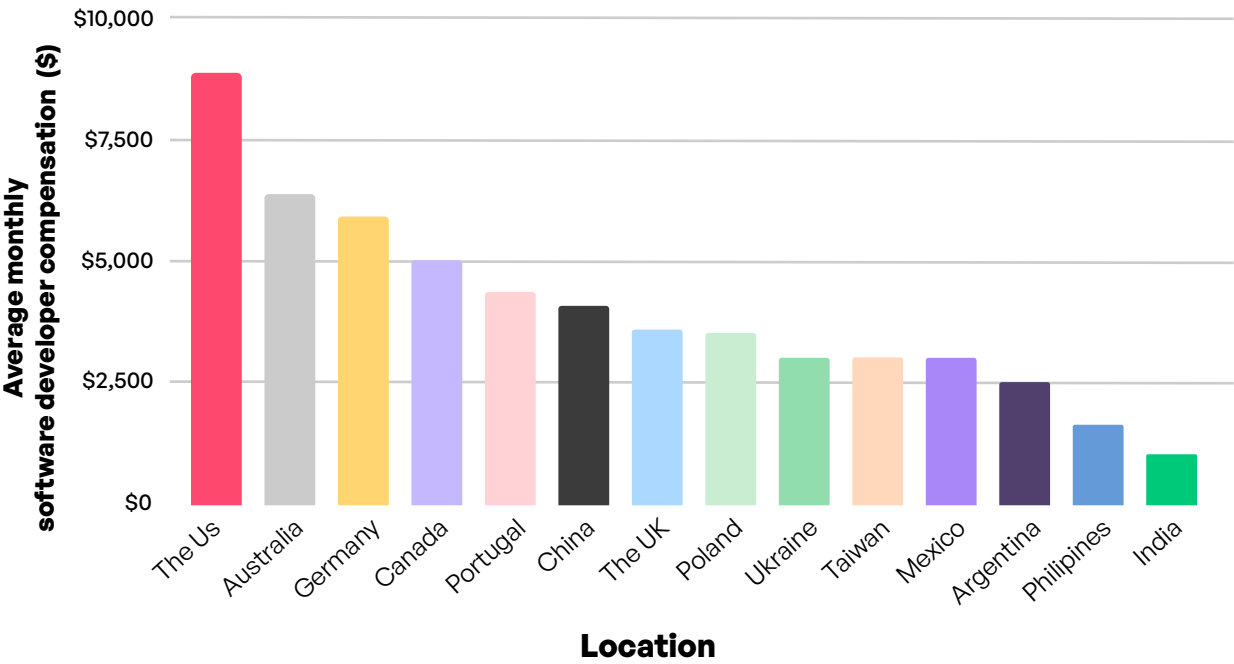
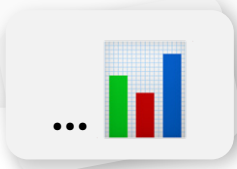
Additionally, the pandemic has accelerated the shift towards remote work, resulting in companies relying more heavily on technology to sustain their operations and interact with customers.



As remote work becomes increasingly popular, the demand for IT professionals who can work remotely has skyrocketed. In particular, **software engineers and developers** are some of the most in-demand remote IT professionals worldwide.

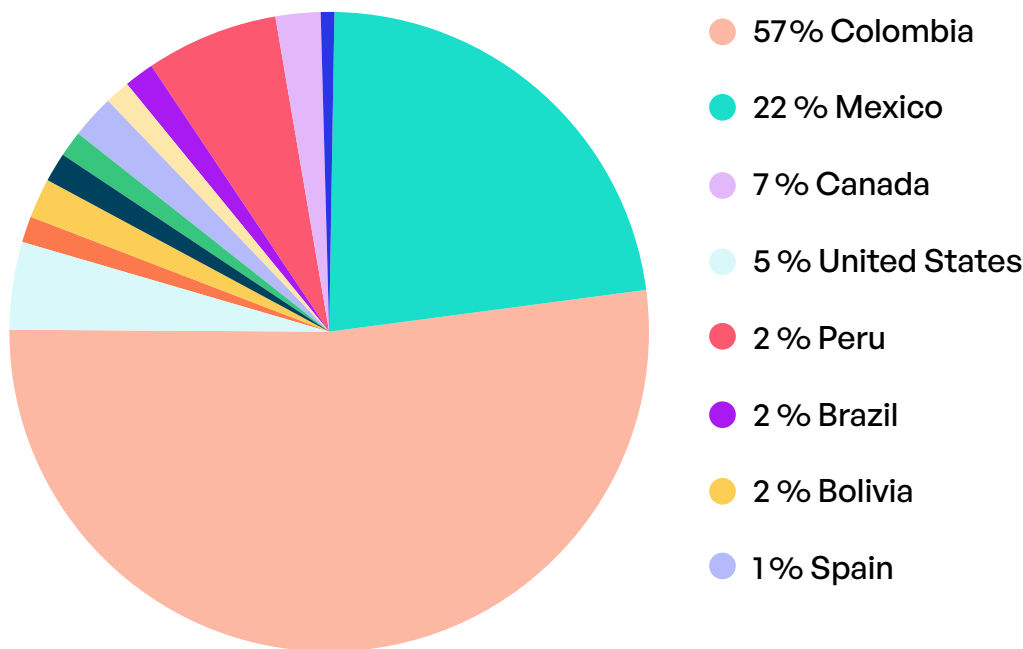
However, the compensation for these roles varies significantly depending on the country in which the remote worker is based. For example, according to recent data, a software engineer in Mexico can expect to earn an average monthly compensation of \$3,000 USD, while a software engineer in Argentina can expect to earn around \$2,500 USD per month. In contrast, a software engineer in Canada can expect to earn an average monthly compensation of \$5,000 USD.

Average monthly software developer compensation (\$) vs. Location



Regional Overview for Remote Work Positions

In 2022, **Colombia presented significant opportunities for remote workers, ranking as the top country for remote hiring.** Mexico followed closely behind, accounting for 22% of remote activity, with other countries on different continents trailing behind. The tendency is evident, remote work is here to stay.



This impact also proposes relief for the various crises that are occurring in markets when it comes to reactivation and employability in the region.

As time passes, more and more opportunities are arising so that employers can offer flexibility to work from anywhere in the world.

This is both in terms of short-term and long-term work.

A recent report from Garter Inc, a consulting and technology research business with an office at Stanford University, claims that for better results in business areas and from human talent management, organizations should adopt a new model that prioritizes proactive rest, international interactions, and personal growth.

The latter, added to a series of best practices, will incentivize up to **80% of workers to choose to apply for remote or hybrid positions.**



Industry-specific compensation trends for remote work

The labor market in Latin America is showing a growing trend in remote work opportunities, with the software development industry leading the way. This industry has seen a significant increase in the number of remote hiring opportunities, indicating its increasing impact in the region. The high demand for software solutions, products, and services has created a strong demand for skilled professionals in the industry. **As a result, software development has become an attractive career choice for individuals seeking remote work opportunities in Latin America.**

Advertising services follow the lead as the second industry on the list for remote work opportunities in Latin America according to a report by Advertising Expenditure Forecast, from the global agency Zenithvii. The report forecasts an **8% increase in remote job opportunities in the advertising industry by the end of 2022.**

Apart from software development and advertising services, other leading industries in remote work include **education and e-learning, healthcare and telemedicine, customer service, and finance**. These industries have seen significant growth in remote job opportunities in recent years, offering individuals the ability to work from home or anywhere with an internet connection. As the trend towards remote work continues, we can expect to see even more industries embracing this flexible work arrangement.

Startups and large companies from all around the world continue to bet on the remote worker model. The model continues to consolidate rapidly in Latin America to satisfy the needs and preferences of new workers who enjoy and find better opportunities through remote work.

The inflationary landscape that large economies are facing worldwide has become **a trigger for generating remote opportunities**. The current economic and political situations have given workers the possibility to earn higher incomes in foreign currencies **while reducing the international talent gap**.





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