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SALARY SURVEY: WHO RECEIVES THE HIGHEST WAGES?

ALISON O'CONNELL | 25 November 2019

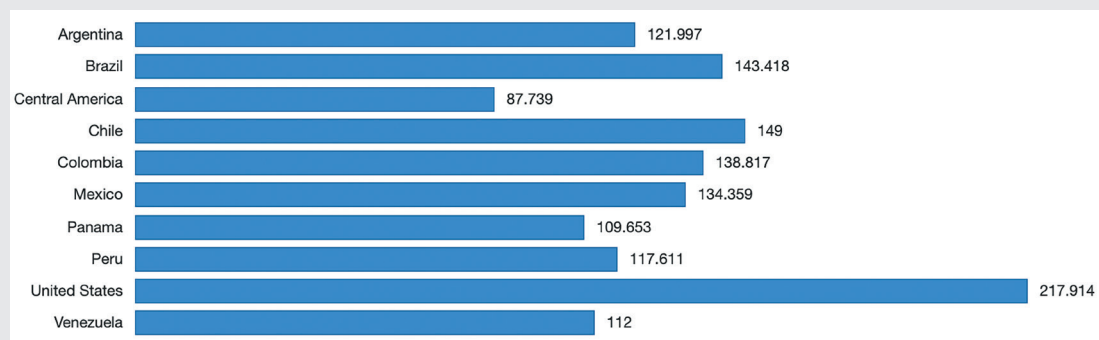
LACCA's latest research into in-house salaries reveals that GCs in Chile and Brazil receive the highest wages in Latin America, while companies in highly regulated industries such as the pharmaceutical, food and drink, construction and financial services sectors provide the most competitive compensation packages.

The results of LACCA's 2019 Salary Survey show that general counsel in Chile are better compensated than their peers around the Americas, with the exception of the US. The results should come as no surprise since the country remains one of the most stable and attractive economies in Latin America for businesses. Indeed, despite the recent bout of social and political unrest, Chile's market-oriented economy, characterised by a high level of foreign trade and a reputation for strong financial institutions and sound policy, means that it is consistently ranked in first place for economic freedom and competitiveness in the region, and is second only to Uruguay for transparency and ease of doing business. "Chile is definitely a powerhouse in the region," says Felipe Lavín, executive director at legal recruitment company Idealis. "Solid institutions have attracted global companies for decades."

Chile's high per capita income, its growing and sophisticated economy, as well as its dynamic business environment - free of obstacles - make the country one of considerable commercial opportunities for both local and global companies. "The nation's capital, Santiago, has climbed in the ranks of expensive cities and is home to elite practitioners who have completed LL.M.s from top foreign law schools, held internships at American law firms or are admitted to the NY Bar," says Lavín.

In fact, in addition to boasting a strong and stable economy, Chile claims one of the most skilled workforces in the region, meaning companies must provide adequate compensation packages to retain the best talent. According to our research, GCs or those in equivalent positions in the country are paid an average annual salary of around US\$149,000, approximately 22% higher than their peers in neighbouring Argentina, and 26% more than their colleagues in Peru. "In Chile there are highly qualified GCs, with vast experience, many of whom have studied abroad, the market and clients are sophisticated and globalised, so the war for talent is higher here," says Alejandro Rubilar, managing director and head of legal corporate affairs at multinational investment bank JPMorgan Chase & Co.

1) Average salaries by country



While Latin America's biggest economy has spent the last three years slowly recovering from the worst recession in its history, Brazil remains one of the biggest economies worldwide and a land of opportunity for businesses. The country is home to some of the region's largest companies as well as being the regional hub for many multinational groups, particularly in the food and bio-fuels industries. The thriving business environment is reflected in the fact that local GCs take home an average annual salary of around US\$143,418, the third highest in the Americas and only 3.8% lower than those in Chile. "Despite all the political issues and the most recent crisis, Brazil is rich in a variety of natural resources, and as an emerging market has the biggest foreign direct investment," says Mariana Dardengo, principal consultant for the EU & Latin America at recruiter, Legalis Global. "I see the Brazilian market as a huge challenge for general counsel and the shortage of talent when the economy is expanding is the explanation, in my opinion, for the high wages."

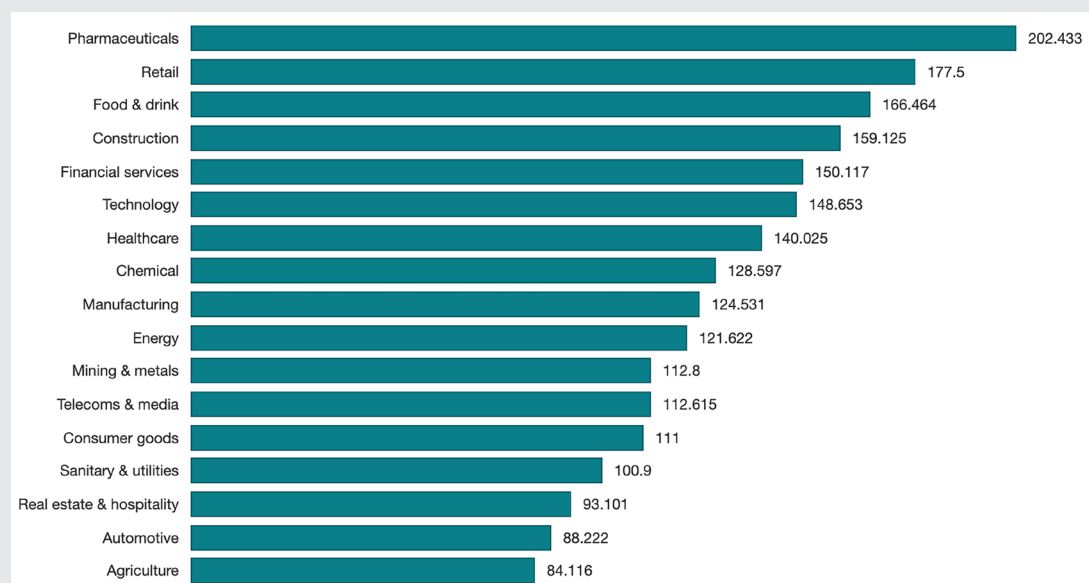


At the other end of the spectrum and, perhaps unsurprisingly, GCs who receive the lowest average wages tend to be from smaller economies such as those in Central America, which was also reflected in Latin Lawyers research into associate salaries around the region. According to Latin Lawyer, the lowest earners in private practice were also recorded Paraguay, Bolivia and the Central American countries. GCs and associates based in Venezuela, which is fraught with economic challenges, are also among some of the lowest earners – but this is also due to high levels of inflation and difference in exchange rates. "The history of the Latin American economy is a tale of many ups and downs, an inconsistent struggle for development, which has also caused many political shifts, and, in many cases, troubles, especially in the last few years," Dardengo explains.

More risk, more reward

Similar to the results of our 2017 Salary Survey, it was respondents working in heavily regulated industries that reported the thickest pay packets. The most regulated industries tend to be those that have the most impact on lives and can cause the most potential to harm, so it comes as no surprise that GCs in the pharmaceutical sector boasted the largest compensation packages, averaging around US\$202,433 for lawyers in a GC or equivalent senior-level position. All aspects of the life cycle of new drugs are regulated, from patent application and marketing approval, to commercial exploitation, patent expiration and the production of generics. "It does not surprise me that pharmaceuticals are at the top of the list because it is a highly profitable and highly regulated industry," says Barrett Avigdor, managing director at legal recruitment company, Major, Lindsey & Africa.

2) Average salary by industry



Heavily regulated industries have also traditionally paid more for their GCs, given that these industries face higher risks and legal tends to be an area of very high strategic importance for their activities. While not quite as personal as our bodies and health, financial services are also one of the most heavily regulated. Companies and people that handle money and invest it on behalf of others are under intense regulatory scrutiny and must follow numerous rules set out for them in the law to operate. "Financial services usually offer a very aggressive bonus schemes," says Guilherme Nicolau, legal & compliance recruiter at Laurence Simons Latin America. Nicolau also points out that companies from these industries know they need to invest in highly skilled lawyers with strong regulation experience that often requires them to have an academic background, which in turn means more competitive salaries.

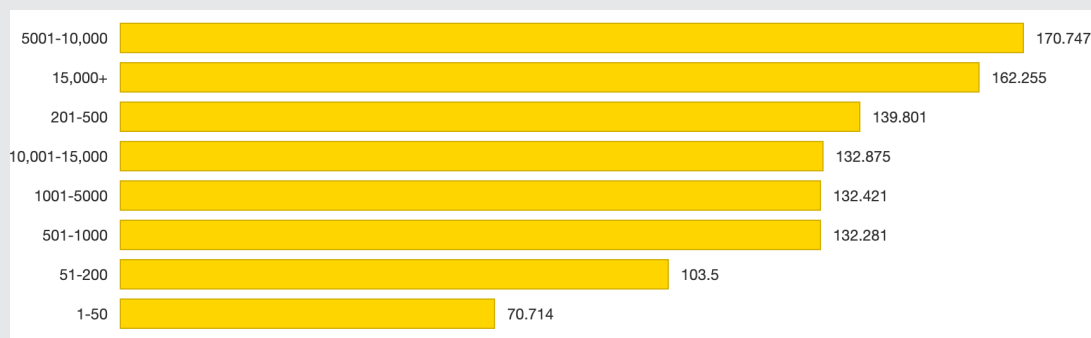
Companies in the retail and food & drink sectors, on the other hand, are industries that usually have a need for a bigger legal departments, mainly because of consumer law, according to Nicolau who says that "as a consequence, they often have a need for a more senior GC to manage the whole legal structure." Finally, infrastructure and construction companies have always offered attractive packages to their GCs, given the highly complex deals involving large financial amounts according to the region's recruiters.

While the risk factor appears to significantly affect wages, the size of the company also seems to impact the type of compensation packages on offer. Much like the results from previous LACCA surveys, multinationals continue to pay more on average with a salary range of US\$132,875 to US\$170,747, compared with smaller local companies that pay between US\$70,714 and US\$103,500. This is because they have much bigger revenues and tend to need more experienced counsel to deal with multiple jurisdictions. "In my view bigger corporations are more productive, they pay higher wages, enjoy higher profits, and are more successful in international markets," says Derdengo. "Small firms basically do not have revenues as big as multinational firms and, therefore, cannot pay as much as start-up companies facing the same reality."

Larger companies also tend to select highly skilled lawyers when it comes to senior positions and therefore, pay higher wages, whereas smaller businesses have fewer employees; and therefore prefer to hire more generalist lawyers that are able to fulfil a higher variety of tasks. "Large multinational companies traditionally have structured and senior legal departments, with highly qualified lawyers who are also fluent in English," Nicolau points out, adding that multinationals will also have larger budgets for the legal department. "With regard to compensation, such companies usually have global patterns to follow, and that can make salaries very attractive."

The size of the company does not always correlate with earnings, however, as shown by the average for a company with between 201 to 500 employees. Some suggest this is because some of the smaller companies may be family owned, which tend to pay their executives more as often they are family members.

3) Average salary by size of company

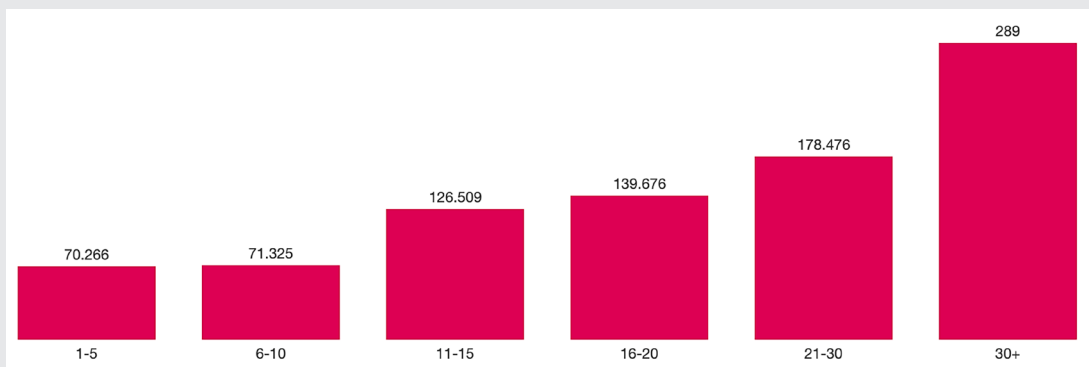


While it is difficult to draw any direct comparisons of salary data collected by Latin Lawyer on associates, given that our in-house counsel survey included mainly senior level corporate counsel and GCs, we were able to deduce that more company lawyers (95%) than associates (85%) get bonuses and extra perks. Despite the fact that associates are more likely to see their salaries rise as a result of performance-related or discretionary rewards, it is considerably more likely for in-house lawyers to receive extra benefits. In fact, 96% get health insurance, compared to only 75% of private practice lawyers. Life insurance is part of the package for 87% of in-house attorneys but only 26% of associates, while 88% of company lawyers get a mobile phone compared with 35% of their law firm counterparts. Added to this, only around a third of associates say their employer makes contributions to their pension pot, considerably less than the 55% of in-house counsel who say the same.

Paying for experience

While salaries can vary greatly between industries and company size, legal talent remains an extremely important asset and businesses are increasingly recognising the value of a strong in-house function. In fact, experience is a key factor in determining compensation for in-house counsel across the region and, unsurprisingly, salaries rise exponentially with the number of years a lawyer has practiced. For in-house counsel at the beginning of their careers, the average salary is US\$70,266 and this begins to rise significantly with every five years of experience. There is a marked jump in salaries for counsel with 20 years of experience or more, however, with more experienced GCs reaching average levels ranging from between US\$178,476 to a breath-taking US\$289,000 when it comes to true veterans of the industry. "The law practice is quite unique. The more experienced and older the lawyer is, the more his or her counseling is valued. That is why senior partner hourly rates are also the highest in a law firm. As well as that, when lawyers get to a certain age, they start to be considered for more senior roles in companies that usually pay very well, such as VP, regional GC and member of the board," says Nicolau.

4) Average salary by years of experience

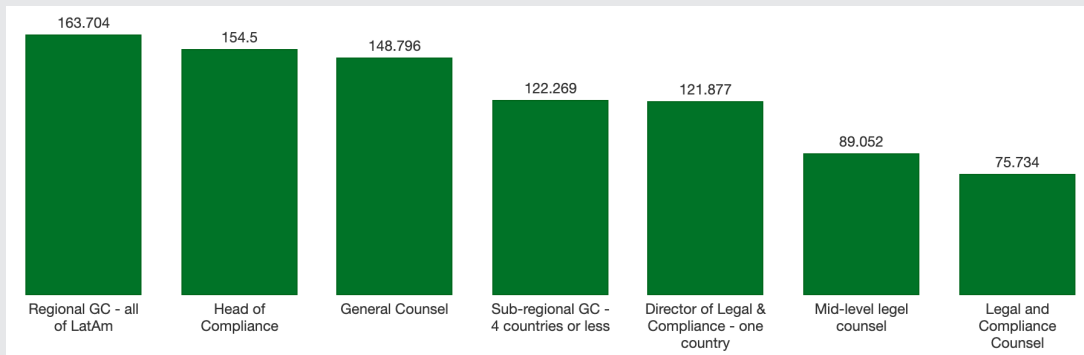


Regional GCs earn the highest salaries, averaging US\$163,704 per annum, while legal and compliance counsel that tend to be at the bottom of the career ladder are the lowest earners and receive an average of US\$75,734 a year. "Companies calculate compensation on the basis of seniority within the company or overall job experience," says Dardengo. "Employers may also opt to pay new employees more if the employee already has significant job experience. Employees who have more job experience, though not necessarily in a similar job or industry, may also be easier to train than someone with limited or no work experience."



Directors of compliance were also some of the top earners this year, earning an average of US\$154,000. Over the past few years, major investigations including the sweeping Car Wash investigation have only served to highlight the increasing scrutiny from both local and global regulators on businesses worldwide, as well as the huge risks and penalties for misconduct, pushing compliance to the top of the boardroom agenda. As a result, *companies are increasingly recognising the value of their compliance counsel in helping them navigate the complex environment and are increasingly willing to pay for it.*

5) Average salaries by position



Finally, as the role of the GC continues to evolve beyond standard legal matters into much more of a strategic and business decision-making function, many organisations have started to understand the advantages of having GCs involved at the C-suite level. In addition to being able to analyse issues from a legal, ethical and objective perspective, GCs also tend to be very sophisticated in understanding their company's global outlook and how the market keeps changing, which also may bring a different kind of insight to the group. More and more companies are recognising this and this year's research shows that in-house counsel that are either members or secretaries of the board receive higher average wages than those with no board responsibilities.

6) Average salaries with board responsibilities

