Spotlight on Brazil: The Economy is Recovering and Opportunities for Executive Talent Looks Positive

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The NGS Global strategy has always been to open offices in locations where we can serve our clients with a best-in-class delivery model for executive search. Our Spotlight Features introduce clients and candidates to NGS Global’s partners and offices worldwide. We recently sat down with Juliana Camargo, who leads our operations in São Paulo and asked her to share her insights on Brazil’s economy and opportunities that exist for executive talent.
Brazil’s economy is recovering and the war for talent is back. The executive search industry saw demand for top-tier talent rise in 2019, and predictions for 2020 are positive. Compensation packages for executives did not erode significantly during the recent economic crisis and they are now seeking foreign multinational opportunities.

WHAT IS THE CURRENT OUTLOOK FOR BRAZIL’S ECONOMY?

JC: Figures from the preliminary economic report of the Organization for Economic Co-operation and Development (OECD) suggest that Brazil’s economy is recovering and should continue to improve in the coming years. The GDP growth was approximately 1.2% in 2019 and the report forecasts a 2.4% growth for 2020.\(^1\) This growth is primarily driven by factors such as social security reform, state privatization, and changes in laws to reduce bureaucracy in the business environment. These factors have increased confidence and underpinned investments, buoyed by favorable financial conditions due to lower interest inflation and other established programs. While there are many political and socio-economic hurdles to be addressed, the degree of uncertainty surrounding economic growth has declined.

DID THE RECESSION IMPACT EXECUTIVE-LEVEL COMPENSATION PACKAGES OR ORGANIZATIONAL EMPLOYMENT STRUCTURES?

JC: Despite the economic crisis that we have experienced, the compensation of top corporate executives for both national and multinational companies have kept up with inflation. Compensation consists of a base salary plus an annual bonus, car, health and wellness, reduced-cost stock options, long-term incentives, private pension and insurance.

In a study presented by Page Executive, the president of a multinational company with revenues of up to R$ 100 million, may earn on average R$ 831,190.00. In a multinational company with revenues over R$ 1 billion, the average executive salary reaches R$ 3,123,990.00 per year.\(^2\)

Brazil has a complex set of employment laws that were not altered by the recession. Most multinational companies hire their employees in the Consolidation of Labour Laws (CLT) format – the main body of law. However, employment laws are also included in the federal constitution and many collective bargaining agreements negotiated between employer and employee trade unions. The federal constitution provides many guarantees to employees but is expensive for employers despite Brazilian labor reform. In contrast, national companies seek alternative employment structures that are exempt from large taxes and labor rules which result in lower business costs.

WITH THE PROMISING ECONOMIC OUTLOOK, WHAT FUNCTIONS WILL BE IN DEMAND OVER THE NEXT YEAR?

▶ IT Director - There is a great deal of competition for senior-level digital technology professionals in all sectors, especially for those executives who can carry out digital transformation projects.

▶ Supply Chain Director – Supply chain is an essential function that is still undergoing development in Brazil. Once this function is fully open, there will be a need for professionals with a strategic and global vision.

▶ Financial Director - After a long period of uncertainty, signs of economic growth are beginning to reflect directly on the demand for financial professionals.

▶ Legal Director – There will be a rise in the demand for senior professionals skilled in business contracts and mergers/acquisitions as companies begin to look at opportunity for expansion.

▶ Sales and Marketing Director - Executives focused on market intelligence and data analysis will continue to be in demand.

▶ Engineering Director - For engineering professionals, communication skills and effective interaction with other areas of the production process is essential.
**WHICH INDUSTRIES WILL SEE THE MOST GROWTH AND COMPETITION FOR TALENT?**

**JC:** The economy in Brazil is improving, but specific sectors will see significant growth, such as real estate and civil construction, oil and gas, infrastructure and agribusiness.

Growth in the real estate and civil construction sectors will continue an upward trend as financing is more accessible due to lower interest rates and a higher demand for housing from families who feel more secure in long-term investments. After six years of recession, the real estate market generated 10% of the new jobs in 2019 and is estimated to grow a further 3% by the end of 2020.

After a crisis period in Brazil’s oil and gas industry, the sector is growing again because of measures enacted by the government to open the market to new entrants. Exploration rights were previously prioritized for one company; however, to encourage growth in the sector, the government is more flexible in granting them to new companies. In addition, they are open to easing environmental licensing for installation and operation of new oil wells and provide tax cuts for companies operating in oil and gas.

The Ministry of Infrastructure expects that new infrastructure concession programs should attract approximately R$ 50 billion in investments by 2020.

The reform agenda and regulatory changes from the government will lead to further financing in the agribusiness sector. Carlos von Doellinger, president of Ipea (Institute of Applied Economic Research), indicates there will be an increase in the GDP of the agriculture sector in 2020. The growth projection for agribusiness ranges from 3.2% to 3.7%, according to the crop forecast and will drive the growth of the national GDP.

**ARE THERE ADVANTAGES TO WORKING FOR A MULTINATIONAL CORPORATION?**

**JC:** Working for a multinational corporation in Brazil is more desirable for executives who prefer more defined processes, a professional development plan and the possibility of expatriating. Additionally, publicly held multinationals generally offer better compensation and benefit packages with long-term incentives and pension plans. National companies offer these same benefits but in fewer cases.

**FINAL THOUGHTS**

Brazil is on the road to economic recovery, but there remains a vast area for improvement. The country needs to remain on its current path working on government reform which will promote fiscal stability in the midterm and attract more investments. Opportunities for top-tier executives will increase as multinationals and national companies continue to gain momentum and rebuild.

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**End Notes**


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