



With a population of [approximately 126,424,000 people](#), Mexico is one of the most populated countries in the world and contains the largest population of Spanish speakers globally. If your company is looking to expand into Mexico or hire remote employees there, our guide to hiring employees in Mexico can help walk you through the process.

What to Know Before Hiring in Mexico



WHAT TO KNOW BEFORE HIRING IN MEXICO



Cultural Differences



Language Differences



Employment Contracts



Work Week and Minimum Wage



Required Leave



Annual Bonus and Profit Sharing



Paycheck Withholdings

Hiring in a new country comes with a variety of considerations, from cultural and linguistic differences to important laws. We've compiled some of the key factors you should consider below that can help you understand how to hire in Mexico.

1. Cultural Differences

First, it's helpful to understand some [aspects of Mexican culture](#) that can impact the hiring process and work relationships. The cultural differences that will stand out to your company will depend on your local culture.

Some international companies may notice that Mexican work culture is more personal and friendlier than work culture in many other countries. This affects hiring practices in Mexico and means it is appropriate and even welcomed to ask job candidates about their families, interests, and other personal aspects of their lives. It also means you should conduct business meetings in person whenever possible and allow time for personal talk.

2. Language Differences

You may also run into language differences when expanding your business into Mexico. Over [93% of Mexicans speak Spanish](#). Some Mexicans also speak an indigenous language or English, as is more common close to the Mexico-United States border.

Spanish [has more native speakers](#) across the world than English and is second only to Mandarin, so if you are not from a Spanish-speaking country, you can open up new business opportunities in countries across the world by hiring Spanish-speaking employees in Mexico. Keep in mind that there are some distinct differences between Mexican Spanish and Spanish used in other countries, such as Spain.

3. Employment Contracts

At-will employment does not exist in Mexico, and employment agreements are mandatory. When you hire an employee, a contract forms between you and the employee, whether you

actually write one or not. That said, you should create a detailed employment contract that includes the employee's personal details along with job details. One of the most important details is the job's duration. There are three types of contract durations: indefinite, project and seasonal. Most contracts are indefinite, meaning they do not set an end date for the job.

Note that Mexican workers are always entitled to their rights under the Mexican Labor Law, so any terms in your contract that violate these rights will be invalid. One of the reasons employment contracts are so important in Mexico is because there is no unemployment insurance. The contractual agreement between employer and employee provides some stability to employees. If an employee quickly proves to be a poor fit for the job, you can terminate their employment during a probationary period without repercussions.

4. Work Week and Minimum Wage

Mexico defines three different working shifts. The day shift, when most office employees work, is 48 hours per week. Employees are entitled to one rest day in the week, but they may work the other six. Some companies may choose to condense 48 hours into a Monday through Friday week, or they may simply require fewer than 48 hours from their employees if they so choose. The average workweek [in Mexico is 45.1 hours](#).

If an employee works more than 48 hours over the six workdays, you must give them overtime pay for these extra hours. There is a cap on overtime hours, as well, to ensure workers are not overdoing it, and the rest day is still enforced. The minimum wage in Mexico is a daily rate that [was increased in 2020](#). The new daily minimum wage is 123.22 pesos. In the northern border region, the minimum wage is higher at 185.56 pesos.

5. Required Leave

Mexico has seven national holidays with an eighth holiday for election day every six years. Employees are entitled to having these days off. In addition, employers must give their employees [six days of vacation leave](#) once they have worked for the company for one year. The longer an employee has worked for a company, the more vacation days they should receive. For example, after two years, they should receive eight days of leave, and after eight

years, they should get 14 days.

In addition to being paid their normal salary while on vacation, employees should also receive a vacation bonus, or prima. This bonus must be [at least 25% of their standard pay](#). While on sick leave, however, employees only receive a portion of their usual salary.

6. Annual Bonus and Profit Sharing

An annual bonus near the Christmas holiday may be customary in some parts of the world, but in Mexico, it is legally required. Employers must give their employees what is known as an [Aguinaldo, or 13th salary](#), each year by December 20th. Companies who skip this requirement will incur heavy fines. The Aguinaldo should be a check for the equivalent of 15 days' wages.

Another bonus Mexican workers are entitled to is profit sharing. After a company has been in operation for one year, they must start distributing [10% of their pre-tax profits](#) to their employees. This should make employees feel more personally invested in the company's success.

7. Paycheck Withholdings

Mexico requires employers to withhold income tax from employees' paychecks. As in other countries like the U.S., the tax rate varies widely depending on how much a person makes, so you'll have to determine the proper amount for each employee and then deduct a portion of each paycheck to go to the Tax Administration Service (SAT) each month.

Employers must also withhold a certain amount to go toward social security benefits. Employers contribute the majority toward social security, but employees also contribute a portion.

The Cost of Hiring an Employee in Mexico

Hiring new employees in Mexico involves various people's time, fees, and other costs that contribute to the total hiring cost. Let's look at some costs you may incur during the recruiting and hiring process as you expand into a new country.

- **Research:** Aside from this guide, you'll have to conduct further research to determine where in Mexico you want to establish a presence for your business and the exact legalities that relate to employment practices there, as well as any requirements for your industry specifically.
- **Legal establishment:** If your business is to be the employer of record for your Mexican employees, then you must have a legal business entity in Mexico that is registered with the Mexican Institute of Social Security (IMSS) and the SAT. Establishing either a branch or subsidiary of your company will cost you financially.
- **Hiring agencies:** If you work with staffing firms or recruiting agencies to help you find candidates or screen applications, this adds to your total cost to hire a Mexican employee. However, using these services in Mexico could help you find qualified candidates.
- **Job boards:** Posting your job ad on either public job boards or industry-specific ones can also cost you, though you may find some free options. While you'll want to post your job ad online, keep in mind that many Mexican job seekers rely on more traditional forms of media, so you may want to take out print or radio ads, as well.
- **Legal checks:** If you need to conduct a comprehensive background check in Mexico, you'll need to hire a private investigator, which can come at a high cost. Taking time to check applicants' paperwork and ensure they have a legal right to work in Mexico can also add to your total cost.
- **Hiring committee:** Internal hiring committees often take on many responsibilities related to the hiring process, from defining the new job positions to choosing the ideal candidates for those positions. When you're hiring internationally, members of your hiring committee may also need to travel to Mexico, adding travel expenses to the overall cost to hire employees in Mexico.
- **Translator:** If you are evaluating applications and interviewing candidates who speak Spanish, and that is not a language your company is used to operating in, you will need to enlist the help of a translator. A translator can assist with in-person and virtual communication, but of course, this adds to your hiring costs.

What Does a Company Need to Hire Employees in Mexico?

Before you can begin hiring someone in Mexico, you'll need to have some legal requirements in place. Some key things you'll need include the following:

- **A branch or subsidiary:** If you want to establish a legal presence in Mexico, you'll need to create either [a branch or a subsidiary](#) related to your company. A branch is an extension of your company, while a subsidiary functions more independently. You can forgo this major step if you choose to work with a professional employment organization (PEO) like Globalization Partners.
- **Legal documents:** All documentation you submit to establish your company legally will be in Spanish, so if you don't have an employee on staff who can create these documents and read the instructions from the Mexican government, you'll need a translator. Ideally, you should [have a Mexican attorney help](#) you create these documents, such as your deed of incorporation. You'll also need to have your documents notarized.
- **Registrations:** You'll have to register your business with a host of government agencies, starting with registering your business's name with the Ministry of External Affairs (SRE). You'll also need to register with the National Business Information Registry from the Department of Trade, the SAT, the IMSS, and the National Workers Housing Fund (INFONAVIT). You may also have to register with the Department of Trade Foreign Investment Register.
- **Permits:** Depending on your branch or subsidiary's location and your industry, you may also need to obtain necessary permits from local governments. Make sure you find out if there are any special permissions you need, either at the national or local level.

Steps to Hiring in Mexico



Hiring new employees follows a basic series of steps that tends to look similar from country to country. However, hiring in Mexico may influence exactly what these steps look like. We've outlined the basic steps of the hiring process below:

1. Post Job Ads

First, create a job ad that outlines the details of the position, including whether it is remote or in an office, expected job duties, necessary qualifications, and more. Make sure you also include language requirements or preferences. If you don't need a candidate to speak your native language, then make sure you translate the job ad into Spanish. Post your job ad in various spots, including both online job boards and printed classified ads or other traditional media.

2. Evaluate Applications

As applications come in, you can begin screening them and determine who you'll contact for an interview. Expect to see Mexican workers submitting a lengthy curriculum vitae (CV) rather than the succinct resume that American and Canadian employers are likely more used to. You can use software or an agency to assist with this step if you want to get to a short-list

of candidates quickly.

3. Interview Shortlist Candidates

Now it's time to interview candidates. Make sure you take the culture into your account during interviews and engage in friendly, personal conversation with applicants. You can conduct interviews in your new office space, or if you're hiring remote employees in Mexico, you can conduct interviews over the phone or an internet video call.

When scheduling remote interviews, make sure you take the time difference into account. Mexico has four standard time zones, which other parts of North America share. There are also daylight savings time zone designations. Find out whether there is a time difference with a Mexican job applicant and schedule the interview accordingly.

4. Offer the Job and Create a Contract

Once you've interviewed candidates and determined who you want to hire, it's time to send your chosen candidates formal job offers and allow them to accept or turn down the position. You should ensure they understand what responsibilities they would bear and the salary you are willing to pay.

You should also create a contract at this point. Remember, this is a critical aspect of employment in Mexico, so you should create the contract carefully and make it as detailed as possible. It must include the employee's personal information, even including marital status, along with all your expectations as their employer and the compensation and benefits you agree to give them.

5. Onboard Your New Hire

Lastly, you can begin the onboarding process, where your new hires will fill out all the necessary paperwork, both for the Mexican government and for your organization, especially for the purpose of establishing payroll. Working with a PEO who can handle the onboarding

process will simplify this process greatly. You should also train employees before they begin work and evaluate their performance during the initial probationary period.