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Global Guide to Finding Tech Talent in Mexico



Introduction

Latin America (LATAM) is quickly becoming a global incubator for top talent, making it an ideal place to source tech professionals, marketers, legal experts, and product managers. In 2021, the region's hiring rate for positions such as software engineers and account executives increased by 286 percent. Brazil, Argentina, Colombia, and Mexico have bred incredibly successful startups that received a stunning USD 15 billion in funding in 2021 – three times more compared to 2020.

Mexico is particularly attractive for global companies interested in exploring the LATAM tech market. According to the World Bank, Mexico has a population of 128.9 million and a GDP per capita of USD

9,926.4. In 2021, local startups raked in USD 4.6 billion – 294.16 percent more than the previous year.

The nation's excellent academic institutions make this region ideal to source highly qualified talent. However, new market entry comes with many challenges. What approach should companies take to ensure a successful business venture in Mexico? What compliance challenges should companies prepare for? What are the best strategies to navigate the local talent pool?

In the following pages, we will take a deep dive into the advantages and challenges of hiring tech talent in Mexico.





What makes Mexico an attractive tech hub?

When companies design their global growth strategy, there are essential factors to consider – determining the best hiring location is usually the first step. Certain countries offer competitive advantages like potential market size, language compatibility, or cultural similarities.

All these variables impact a company's global growth process. Choosing the right hiring hub can save companies time and resources, but if the target location has a wide and resourceful talent pool – they've struck gold.

Mexico is an excellent entry point to the Latin American market for the following reasons:

Highly educated talent: Mexico has several world-renowned academic institutions:

Tecnológico de Monterrey

4th in the 2022 QS Latin American University Rankings, 3rd top STEM university in LATAM, and 1st among LATAM institutions in the 2022 QS Graduate Employability Rankings

Universidad Nacional Autónoma de México

6th in the 2022 QS Latin American University Rankings, 2nd top STEM university in LATAM, and 3rd among LATAM institutions in the 2022 QS Graduate Employability Rankings

Instituto Politécnico Nacional

25th in the 2022 QS Latin American University Rankings and 18th among LATAM institutions in the 2022 QS Graduate Employability Rankings

Universidad Autónoma Metropolitana

30th in the 2022 QS Latin American University Rankings

The availability of highly educated and skilled talent creates the perfect environment for tech companies to grow in the country.

Time zone convenience: Mexico's time zones are ideal for global companies running international operations. The country has four time zones:



Mexico's time zones not only make it easier to collaborate with teams in the U.S., but the country also shares time zones with LATAM – usually two hours ahead or behind most countries within the region.

Local employment costs: Another reason why Mexico, and other countries in LATAM, are so attractive to employers is because of their local employment costs. However, offering minimum wage is not the best way to attract local talent. Professionals in Mexico want to be part of a workplace that provides competitive compensation, values their contributions, and promotes career progression. Working for global companies allows Mexico-based employees to:

- **Acquire new skills:** Working in a multicultural environment helps employees refine their skills and grow as professionals.
- **Negotiate better pay:** Employees can negotiate a competitive wage that surpasses local standards.
- **Access mobility opportunities:** Employees can apply for a TN Visa under the United States-Mexico-

Canada-Agreement (USMCA). This process simplifies work authorization in the U.S. if a candidate has an employment offer from a U.S.-based company.

Thanks to the top talent available, the low cost of living, and shared time zones, some of the world's best tech companies have established entities in Mexico, such as:

- Google
- Meta
- Microsoft
- Amazon
- Samsung
- T-Mobile
- Lenovo
- Dell
- Apple



Compliance challenges in Mexico

Although Mexico offers several competitive advantages, there are certain complexities that come with the territory. The first challenge is compliance.

Companies must always operate according to local laws and regulations to avoid expensive fines and reputational damage. If done successfully, companies can build a strong employer brand to attract talent and investors.

Navigating in-country regulations can be complicated. Mexican work legislation deeply favors employees, but this doesn't mean that laws are hostile towards employers.

Companies must consider the legal obligations of both employer and employee to set up shop in another country. Here are a few compliance challenges global companies may face in Mexico and key advice on how to prepare for them:

Schedule: In Mexico, pay rates vary depending on the shift, industry, and overtime hours.

- Employees typically work eight hours per day (no more than 48 hours weekly).
- The day shift schedule can fall anywhere between 6 a.m. to 8 p.m., but the most common work hours are from 9 a.m. to 6 p.m.
- Night shifts are seven-hour workdays (42 hours weekly), anywhere between 8 p.m. to 6 a.m.
- Employees must have at least one day off each week.
- Overtime is paid at a higher rate. For the first nine hours of overtime, employees are paid double their salary. After those nine hours, the hourly overtime rate is tripled.

Contracts: The Federal Labor Law regulates employment contracts in Mexico. Contracts must be clear, definable, and in writing. Indefinite contracts are usually the norm unless the document specifies otherwise. If an employee starts working before a contract is signed, or if there is no contract at all, the law will consider the worker to be under an indefinite arrangement and the employer must provide all the applicable benefits determined by law.

Every contract must contain:

- The employee's ID information
- Type of agreement
- Position
- Work shift
- Work address
- Salary

Probation and training periods are allowed for indefinite term contracts. Probation periods mustn't last longer than 30 days – or 180 days for managers, officers, administrators, and specialized personnel – and 90 days for training.

Benefits: Mexican law determines the following mandatory benefits:

- Six days of paid vacation after completing the first year of service.
- Vacation premium: an additional cash benefit given to employees to use on their vacation. It is calculated by taking a minimum of 25 percent of the worker's daily salary multiplied by the number of vacation days.

- A Christmas bonus (known as aguinaldo) that includes 15 days of base salary.
- An annual profit sharing of 10 percent of the employer's pre-tax annual profits.
- Social security, which covers compensation for work-related accidents, disease and maternity insurance, life and disability insurance, and retirement contributions.

It is important to note that companies must always pay employees in Mexican pesos. If an employer fails to provide statutory benefits, it grants workers sufficient grounds for a lawsuit, and the company will face serious legal consequences which, according to the Federal Labor Law, can range from a fine of up to USD 16,673 to 4-6 months in prison.

Additionally, companies can offer non-mandatory benefits. These are highly attractive to candidates in Mexico and can be a deciding factor when assessing employment opportunities:

- Private health and life insurance
- Food vouchers
- Gas coupons
- Productivity bonus
- Higher Christmas bonus of up to 30 days of base salary
- Learning and development opportunities

Remote employment: Mexican law defines a remote employee as someone who works from a location other than the employer's registered address and spends at least 40 percent of their time outside the office. Companies that employ remote workers have the following obligations:

- Provide recorded online training sessions.
- Cover equipment costs.
- Pay for internet and electricity expenses.
- Allow employees to disconnect at the end of the day.

Taxes: The tax year in Mexico is the same as the calendar year: Jan. 1 to Dec. 31. Social security obligations and payroll taxes are more expensive for employers than for employees. Companies must register their employees with the Mexican Institute of Social Security (IMSS) within the first five days of employment. Authorities withhold around 3 percent of employees' salaries for social security obligations. Employers pay more – between 15 to 31 percent of the employee's salary.



Companies that fail to comply with their tax obligations can face up to nine years in prison and will be forced to pay hefty fines.

Employment termination: Mexican law considers three possible scenarios for employee termination. Termination circumstances determine the severance pay employees receive after leaving their job:

- Voluntary resignation: The employer must pay the wages due up to the date of termination, a proportional part of the Christmas bonus, vacation premium, and other benefits outlined in the contract.
- Termination with cause: Employers can terminate a worker under certain circumstances determined by the law, such as working under the influence or failing to show up to work for three days or more. In this case, the company must pay the employee as if they voluntarily resigned, plus 12 days' worth of salary per year worked at the company.
- Termination without cause: Employers can terminate a worker without cause, but the employee is entitled to substantial compensation: three months of employee daily aggregate salary, plus 20 days of aggregate salary per each year of service, a seniority premium of 12 days per year worked (if the employee worked for more than 15 years with the company), and due benefits.

Worker classification: There are two possible worker classifications in Mexico: employees and contractors. In the last few years, Mexican authorities have been enforcing new laws to protect workers from misclassification.

Since April 4, 2021, Mexican labor legislation prohibits subcontracting. Companies operating in Mexico can only hire contractors for specialized services or complementary services. Employers can hire contractors if:

- The contractor's services are not part of the employer's main economic activities.
- The contractor is enrolled in the Registry of Providers of Services or Specialized Works (REPSE).
- There is a written agreement that outlines the services provided.

Employers cannot ask for exclusivity, establish an indefinite term agreement, or dictate the contractor's working hours. Failing to meet these

criteria could be considered worker misclassification, making companies liable for fines or penalties.

Compliance is different in every country. Once companies get a grasp on the local laws, the next step is to navigate the region's talent pool.

In the following chapter, we will explore the Mexican job market and provide a shortlist of emerging hiring hubs brimming with top tech talent.



Navigating the **local tech landscape**

Mexico has transformed into one of the main tech hubs in LATAM. In fact, Mexico attracted an impressive [USD 4,767 million dollars](#) from venture capital investors in 2021 – 294 percent more than in 2020. This success stems from the rise of promising startups and a recent boom in tech graduates from top-tier universities. The country's proximity to the United States makes it a prime location for growing companies looking for excellent tech talent, particularly for the following roles:

- Software engineers
- Quality assurance specialists
- Project managers
- Customer success engineers
- Sales engineers
- Data analyst professionals

The question now is, where exactly should companies source tech talent? Here are a few cities worth looking into:

Monterrey, Nuevo León

Monterrey, the capital and largest city of the state of Nuevo León, borders Texas and produces 10 percent of Mexico's annual GDP and 11 percent of national exports. It's the tech hub of choice for many companies based in Silicon Valley, thanks to the wide range of top-tier candidates available.

This city is also home to two of the best universities in Mexico: Tecnológico de Monterrey and Universidad de Monterrey. Every year, around [14,000 local tech graduates join the workforce](#).

The average monthly salary for a DevOps engineer in Monterrey is around USD 3,710, and full-stack developers earn around USD 3,156.

The most sought-after talent companies usually look for in Monterrey include:

- Full-stack developers
- DevOps engineers
- Project managers
- Front-end developers
- Back-end developers



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Guadalajara, Jalisco

The city of Jalisco is also a preferred destination for tech companies looking for high-caliber talent. Guadalajara hosts some of the most important tech events in Mexico, such as the Local Campus Party and Tech Land, attracting tech enthusiasts from around the country.

Some of the nation's best universities are in Guadalajara: Universidad Jesuita de Guadalajara, Universidad de Guadalajara, and Universidad Autónoma de Guadalajara. Over 9,000 software engineers graduate from these institutions each year.

The average salary of IT roles in Guadalajara is around USD 2,131 a month.

As expected, companies usually look for software developers in Guadalajara. Some of the preferred roles include:

- Full-stack developer
- Back-end developer
- Front-end developer



Mexico City

The capital of Mexico is one of the top tech hubs in Latin America. Mexico City is considered the business gateway to Latin America, and for many companies, it's the first step to expand into the region. Not only does this city have a staggering population of 12 million – 21 million including the metropolitan area – but it is also home to many reputable universities in the country, such as: Tecnológico de Monterrey, Universidad Nacional Autónoma de México, Universidad Autónoma de México, and Instituto Politécnico Nacional. The first two are among the top 10 universities in Latin America. Every year, around 14,000 tech graduates join the workforce, making this region an ideal talent pool for companies looking for brilliant minds and industry experience.



In Mexico City, the average salary for developers is around USD 3,100 a month.

Common tech roles companies source for in Mexico City are:

- Mobile developers
- UI/UX designers
- Full-stack developers
- Front-end developers
- Back-end developers

Tijuana, Baja California

The city of Tijuana has become a favorite spot for companies looking for software engineers in Mexico. Among the many advantages this city has to offer is its proximity to the United States; Tijuana borders California and is just 20 miles away from San Diego, making it accessible for U.S.-based companies.

More than 20,000 tech professionals graduate every year from the Universidad Autónoma de Baja California and Universidad Politécnica de Baja California: Tijuana's top universities. As a border city, Tijuana is entitled to special incentives from the Mexican government, such as lower taxes and reduced prices for certain products, making it an attractive city for investors and growing tech companies.



Tijuana offers one of the lowest costs of living in Mexico. The monthly wage for a full-stack developer is around USD 3,156.

Tech roles that companies look for in Tijuana are:

- Web developers
- Full-stack developers
- Front-end developers
- Back-end developers
- Project managers

Start hiring in **one of the most dynamic tech hubs** in Latin America

The best tech companies are hiring talent in Mexico and expanding their business across borders. Although going global might seem intimidating, G-P simplifies international growth by allowing companies to scale to new countries and test new markets compliantly, without the hassle of setting up branch offices or subsidiaries.

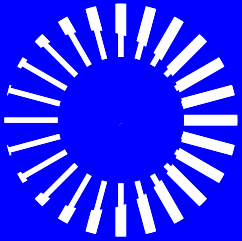
G-P breaks down the barriers of global business and helps companies hire talent anywhere in the world.

Our Global Employment Platform™ streamlines and automates onboarding, payroll, and hiring processes. At G-P, we know that compliance stress can slow plans for global success. That's why we back our market-leading platform with our team of legal and HR experts who are at your side during each stage of the employee lifecycle to help navigate the most complex regulations.

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