

Considerations For Multi-National Employers Doing Business In Mexico

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As many employers move their operations outside the U.S. borders, in order to try to reduce costs and improve productivity in manufacturing and other areas of business, there has been an increase in the utilization of employees in Mexico. Organization considering relocating some or all of their operations to Mexico, should consider the possible impact of Mexican labor and employment laws on their businesses. There are a number of issues that Human Resources and other managers should review when undertaking to begin operations in Mexico, relocate or hire employees in that country, or manage mergers and acquisitions of entities in Mexico.

Overall, Mexican employment law has a significant impact on any business. While the reduced costs and availability of a labor force in Mexico may be attractive, consideration of the laws with respect to employment contractual relationships, termination of employment, severance obligations, and union participation are all major considerations before undertaking activities in Mexico. Employers should carefully consult counsel with respect to how these labor and employment laws will impact their operations and make sure that they fully understand the nature of the relationships with employees before moving south across the border.

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