



Report: Hiring remote employees from Mexico

EMPTOR 2022 REPORT

Introduction

ABOUT EMPTOR

Across Latin America, Emptor helps emerging companies modernize their onboarding processes by providing the latest identity validation and background check technology. Especially in Mexico, clients like Didi, Kavak and Beat are among those streamlining operations in favor of Emptor's automated solution.

In today's interconnected world of Zoom meetings, home office and social distancing, there's no doubt that the times have changed, including human resources. Startups especially crave fast means to scale their companies by onboarding individuals they can trust. By the end of this report, you'll see how **Emptor's automated software simplifies and accelerates recruitment tenfold instead of depending on old-fashioned and lengthy hiring methods.**



Background: What is a socioeconomic and labor study?

Traditionally, larger Mexican corporations have resorted to socioeconomic and labor reports to gauge an applicant's level of perceived "stability and economic responsibility." To accomplish this, the study delves into extensive detail about practically every aspect of a person's life, including a controversial in-home visit. Ultimately, this allows companies to reach a final conclusion for any given job application.

From criminal records, previous employment, family background, transportation, utilities, number of appliances, and even the appearance of one's home; this is the kind of information appearing on a person's socioeconomic and labor report. Like a form of risk validation, this docket of highly-personal information documents, authenticates and certifies the reliability of human capital.

Not only have [these reports] traditionally informed employers if job seekers are the right match but also revealed potential inconsistencies with a candidate's CV.





Jobs with high-levels of trust, security and discretion have typically warranted such in-depth evaluations. For example, upper-level management, aspiring police officers, security guards, etc. Yet companies are now looking for other, quicker solutions for lower-level positions.

Besides being non-COVID-friendly, **the procedure also requires up to a week of coordination, not to mention costing between USD\$15 and \$30. For many companies, this may not be the best use of time or resources in 2021.**

AVERAGE TIME SPENT AND COST PER REPORT

**1 WEEK AND
\$15-\$30 USD**

Why do companies conduct these reports?

On one hand, the purpose of a socioeconomic and labor report has been to mitigate staff turnover by ensuring that the ideal candidate can fulfill their duties without external distractions, like not having a car to arrive at work on time. For some, these reports have also been useful as far as due diligence goes by ensuring that job seekers have shared accurate information, such as the number of dependents or utility payments for potential tax evasion or other fraudulent purposes.

This is particularly relevant in Mexico where reports show that up to 30% of candidates evaluated by companies gave falsified information. There are accounts of candidates hiding references, inflating past salaries to demand higher compensation, concealment of criminal records, fraudulent identification, and of course, identity theft.

Read Emptor's Mexico Safety Report to learn how it can cost over US\$14,000 for individuals to resolve identity theft cases.

30%

OF CANDIDATES
EVALUATED BY COMPANIES
GAVE FALSIFIED INFORMATION

\$14K USD

COST OF RESOLVING AN
IDENTITY THEFT CASE IN
MEXICO

Most common lies told by candidates include mastery of certain skills, exaggerated time at a company, reasons why they left past jobs, inflated salary, academic achievements, residency address, etc.

In this regard, companies also have legitimate reasons to minimize financial risks by on-boarding the “right” professionals in Mexico. High staff turnover accounts for major annual losses. Turnover in Mexico grew from 15.0% to 15.9% between 2012 and 2016, proving the retainment of high-quality employees to be quite the challenge.

FROM 15% TO 15.9%

INCREASE IN EMPLOYEE TURNOVER BETWEEN
2012 AND 2016



What is the process like?

Companies often require candidates to go through third-party or Human Resources consultants like AXKAN Factor Humano, Belieff, Grupo Rohe, and Kom to facilitate these rather exhaustive studies. Each of these outsourcing companies promise differing delivery times from 3-5 days. Services typically include professional, academic and personal background checks, family reference, documentation check and income versus expenses analysis. The final step involves an at home visit.

From a third-party perspective, the ESEL procedure in Mexico goes as follows:

- 1** Third-party receives ESEL application from hiring company
- 2** Chosen contractor performs preliminary investigation
- 3** Administrator determines location
- 4** At-home visit gets scheduled with adequate notification time

5 Home visit (presentation, induction, interview and closing)

6 Research, analysis and confirmation of information

7 Review and ESEL delivery to hiring company

For the hiring company, the first step in the ESEL process is to consider a candidate for a particular position; in turn, the hirer will send the applicant's information to a third-party to facilitate the study. On average, the entire study takes between three to five business days after the initial application is received. Delays often happen when requesting information from references or labor bureaus, depending on the depth of the report, meaning human error can hinder the hiring process even further.

With the arrival of the application, the third-party company will investigate and assemble the docket to deliver to the employer, each with their own customary design and layout. In the end, the company receives this confidential document and proceeds to make their final decision, often taking up to a week or longer in case of blunders.

In contrast, Emptor's hybrid model involving automatic and manual reviews ensures accuracy and speed.

What does an in-home visit entail?

The in-home visit portion of the socioeconomic and labor report is the most arduous part of this process that can be required for certain high-level positions in Mexico. According to an extensive thread on [Reddit](#), large and multinational companies have required these supplemental reports including executives at international beverage companies to software developers, pharmacists, and even sometimes engineers, machine operators or drivers.

In order to land the job, candidates must accept that their employers will end up validating certain information ranging from children, dependents, personal vehicle, financial debts, number of appliances, etc. Similar in most companies, here is what the [visit entails](#):

IN-HOME VISIT

- ONCE THE ESE SPECIALIST ARRIVES WITH THE DATA PROTECTION DOCUMENT, THEY TYPICALLY START THE INTERVIEW BY COLLECTING PERSONAL DATA, INCLUDING HOBBIES AND WHAT THEY DO IN THEIR FREE TIME.
- QUESTIONS THEN TYPICALLY DELVE INTO FAMILY MEMBERS AND THEIR RESPECTIVE PROFESSIONS, INCLUDING THEIR EARNINGS.

- THE INTERVIEWER WILL ALSO ASK THE CANDIDATE ABOUT PAST POSITIONS AND REASONS FOR LEAVING. UNDER THIS FALLS PAST SALARIES, COMMISSIONS, TYPES OF BENEFITS, NET OR GROSS SALARY, BONUSES, ETC.
- FROM THERE, THEY DELVE INTO THE VERIFICATION OF ACADEMIC BACKGROUNDS INVOLVING SHOWING TITLES, MASTER'S DEGREES, DIPLOMAS, SPECIALTIES, DOCTORATES, ETC.
- THE LAST PART OF THE PROCESS IS WHEN THE INTERVIEWER TAKES PHOTOS OF THE CANDIDATE BOTH INSIDE AND OUTSIDE THE HOME.
- EMPLOYMENT REFERENCES ARE ALSO CONTACTED TYPICALLY TO VOUCH FOR PAST PERFORMANCES AND GENERAL RECOMMENDATIONS.
- IN THE END, THIS "CONFIDENTIAL" REPORT HELPS EMPLOYERS DECIDE WHETHER OR NOT THEY'LL CHOOSE A CANDIDATE.

One Reddit user wrote that his home-office job at a Mexican security company required a socioeconomic and labor study to make sure he had a suitable place to work from. Once confirmed, the company even sent him a laptop, cell phone, and printer to perform his duties.

On top of a home-visit, socioeconomic and labor studies also include photographs of the interviewee and their home, reference checks over the last five years, in addition to the final report. When everything is done, it is presented to the employer in a docket for final appraisal.

How can Emptor improve socioeconomic and labor studies?

While having a stranger come into your home to collect sensitive information for employers is a contentious topic, equally inefficient is the amount of time required to conduct these studies.

In comparison to the protocol, Emptor can validate identification and conduct the criminal background portion for companies in a matter of seconds rather than committing long drawn-out investigations lasting up to a week or longer.

Not only is this a poor use of time and resources but these potentially pointless steps become an extra expenditure for companies. As far as pricing goes, third-parties generally charge between \$250 to \$1,500 pesos (US\$12 to US\$74) per report, depending on the type of investigation and requested time constraints. With that sort of price tag, it's nearly impossible to onboard talented professionals at a sustainable rate.



AVERAGE THIRD-PARTY REPORT COST

\$12 to \$74 USD

This is where technology plays a role. Most would agree that there is absolutely no technological innovation with socioeconomic and labor studies. All the while by using Emptor's advanced technology, companies can find out a candidate's identity and background in a matter of seconds.

Nonetheless, for some companies, socioeconomic and labor studies are still valid ways for them to avoid hiring "at-risk" personnel, especially those involved in money laundering or tax evasion schemes. However, where Emptor exceeds is the speed and accuracy at which the system taps into databases across Latin America to validate candidates' criminal records.

Conclusion

In light of both the strengths and weaknesses surrounding socioeconomic and labor studies, Emptor is proud to have developed a modern alternative to the most essential services for efficient onboarding: document validation, verification, and a complete background check solution.

While the third-party companies that assemble these reports provide a viable service, companies that partner with [Emptor](#) could still benefit from modern technology to onboard their staff quicker while perhaps leaving the socioeconomic and labor reports to the most qualified people.

Whether you're part of a staffing agency, tech company, transit agency, or financial service provider in Mexico, Emptor's background check and identity verification technology supports clients to onboard new hires at scale without invading anybody's privacy in the process.



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