

Managing Global Employment in M&A Transactions

From Challenge to Opportunity: Your Definitive Guide to Talent Excellence

Best Practices Collection 2023



Introduction

Mergers and acquisitions bring forth a multitude of opportunities and complexities, and amidst this dynamic environment, the global employment landscape emerges as a critical factor in determining the success of a deal.

Navigating the intricacies of employment-related challenges across borders requires a strategic and informed approach. To assist businesses in effectively addressing the complexities of M&A deals, we present a comprehensive Guide designed to provide practical solutions and valuable insights.

This expertly curated Guide brings together years of our industry expertise and research to offer a clear roadmap for tackling the global employment-related issues that arise during M&A transactions.

With a focus on practicality and informed decision-making, this resource equips you with the knowledge necessary to navigate talent integration, compliance requirements, and other critical aspects of the M&A process.

By leveraging this Guide, you gain a deeper understanding of the intricacies involved in managing a diverse workforce across multiple jurisdictions. It offers actionable steps and best practices to help you streamline operations, mitigate risks, and ensure a smooth transition for both employees and the acquiring company.

MASTERING GLOBAL EMPLOYMENT DYNAMICS IN M&A TRANSACTIONS



- Employment Due Diligence
- Employment & Labour Relations
- Employment Risk Management
- Employment & Labour Relations
- Workforce Integration & Benefits
- Labour, Tax, Immigration Law & Compliance



THE M&A STATISTICS 2023

Here are some statistics on Mergers and Acquisitions Deals by top industries in 2023.

1. Technology, Media and Telecommunications (TMT)

This sector continued to dominate M&A deal activity in Q1 2023, with 2,266 deals worth \$107 billion recorded.

2. Industrial Manufacturing and Automotive (IM&A)

This sector saw a decline in deal activity in Q1 2023, with 1,162 deals worth \$46 billion recorded.

3. Healthcare

This sector saw a decline in deal activity in Q1 2023, with 912 deals worth \$40 billion recorded.

4. Financial Services

This sector saw a decline in deal activity in Q1 2023, with 747 deals worth \$33 billion recorded.

5. Consumer Goods and Retail

This sector saw a decline in deal activity in Q1 2023, with 655 deals worth \$27 billion recorded.

M&A DRIVERS

The following are some of the top themes that are driving M&A activity in 2023:



Digitalisation

Businesses are increasingly looking to digitalise their operations, and M&A is one way to achieve this goal.



Sustainability

Businesses are under increasing pressure to become more sustainable, and M&A can be a way to acquire new technologies and capabilities in this area.



Innovation

M&A can be a way to acquire new technologies and capabilities that can help businesses innovate and stay ahead of the competition.



Globalisation

Businesses are increasingly looking to expand into new markets, and M&A can be a way to achieve this goal.



Value Creation

M&A can be a way to create value for shareholders by combining two complementary businesses that can achieve economies of scale.

Checklist

for Empowering Seamless Integration of Workforces in M&A Deals

1

Tax Compliance

1. Conduct a thorough review of the target company's tax compliance records and procedures.
2. Assess any potential tax liabilities or exposures, such as unpaid taxes, tax audits, or unresolved tax disputes.
3. Evaluate the target company's tax positions, including transfer pricing arrangements and any tax incentives or credits.
4. Determine the tax implications of the transaction, including any tax benefits or disadvantages.
5. Develop a tax compliance plan for the post-acquisition entity, including any required filings, registrations, or notifications.

3

Benefits Administration

1. Assess the target company's employee benefits programs and policies including retirement plans, health insurance, stock options, etc. in each jurisdiction
2. Evaluate the financial implications of assuming or modifying existing benefit plans.
3. Identify any potential legal or contractual obligations related to employee benefits.
4. Harmonise benefit programs and eligibility criteria across jurisdictions.
5. Communicate changes and provide necessary guidance to employees.

5

Immigration Compliance

1. Conduct a comprehensive review of immigration records and documents for all employees involved in the M&A deal.
2. Identify employees who require work permits or visas and assess the impact of the transaction on their immigration status.
3. Determine the necessary steps to ensure compliance with immigration requirements in the new entity.
4. Consult with immigration experts or legal counsel to navigate any complex immigration issues or potential challenges.
5. Communicate clearly with employees about any changes to their immigration status or processes, providing support throughout the transition.

2

Labour Relations

1. Review collective bargaining agreements, if applicable, and assess any potential impact on the transaction.
2. Evaluate the target company's relationship with unions and any ongoing labor disputes or negotiations.
3. Consider the impact of the transaction on existing employee relations and communication strategies.
4. Conduct a thorough review of employment laws and regulations in each jurisdiction involved.
5. Update policies and employment contracts to align with local laws in new jurisdictions.

4

Employment Contracts

1. Identify key employment contracts, such as executive agreements, non-competition agreements, and severance arrangements.
2. Review the terms and conditions of these contracts and assess any potential impact on the transaction.
3. Determine the process for transferring or terminating employment contracts in accordance with local laws.
4. Assess any change of control provisions in key employment contracts and evaluate their implications for the transaction.
5. Consider the need for renegotiation or amendment of employment contracts to align with the goals and objectives of the merged entity.



Checklist

for Empowering Seamless Integration of Workforces in M&A Deals

6

Labour Law Compliance

1. Identify any potential discrepancies or non-compliance issues and develop a plan to address them in accordance with applicable labor regulations.
2. Assess the impact of the M&A deal on existing employee rights, benefits, and working conditions, and determine the necessary steps to ensure continuity and compliance.
3. Inform employees about the M&A process, changes in employment terms, their rights under labor laws.
4. Consult with labor law experts to navigate collective bargaining agreements, employee representation, or workforce restructuring, to minimise risks.
5. Establish a system to regularly monitor and track labor law compliance.

8

Compensation Benchmarks

1. Review the target company's compensation structure, including base salaries, bonuses, and performance-based incentives.
2. Evaluate any existing equity-based compensation plans and determine how they will be treated in the transaction.
3. Assess the impact of the transaction on executive compensation arrangements.
4. Develop strategies to engage and motivate employees throughout the M&A process to minimise talent retention risks.
5. Compare the target company's compensation system with industry benchmarks. Identify areas for improvement to ensure competitive compensation packages post-merger.

10

Onboarding & Offboarding

1. Evaluate existing onboarding processes and identify gaps.
2. Develop a standardised onboarding program and adapt it to local requirements. Provide comprehensive orientation and training materials for new employees.
3. Understand local labor laws and regulations regarding onboarding and terminations.
4. Develop a clear plan for workforce reduction and communicate it effectively.
5. Ensure compliance with legal requirements, such as notice periods and severance pay.

7

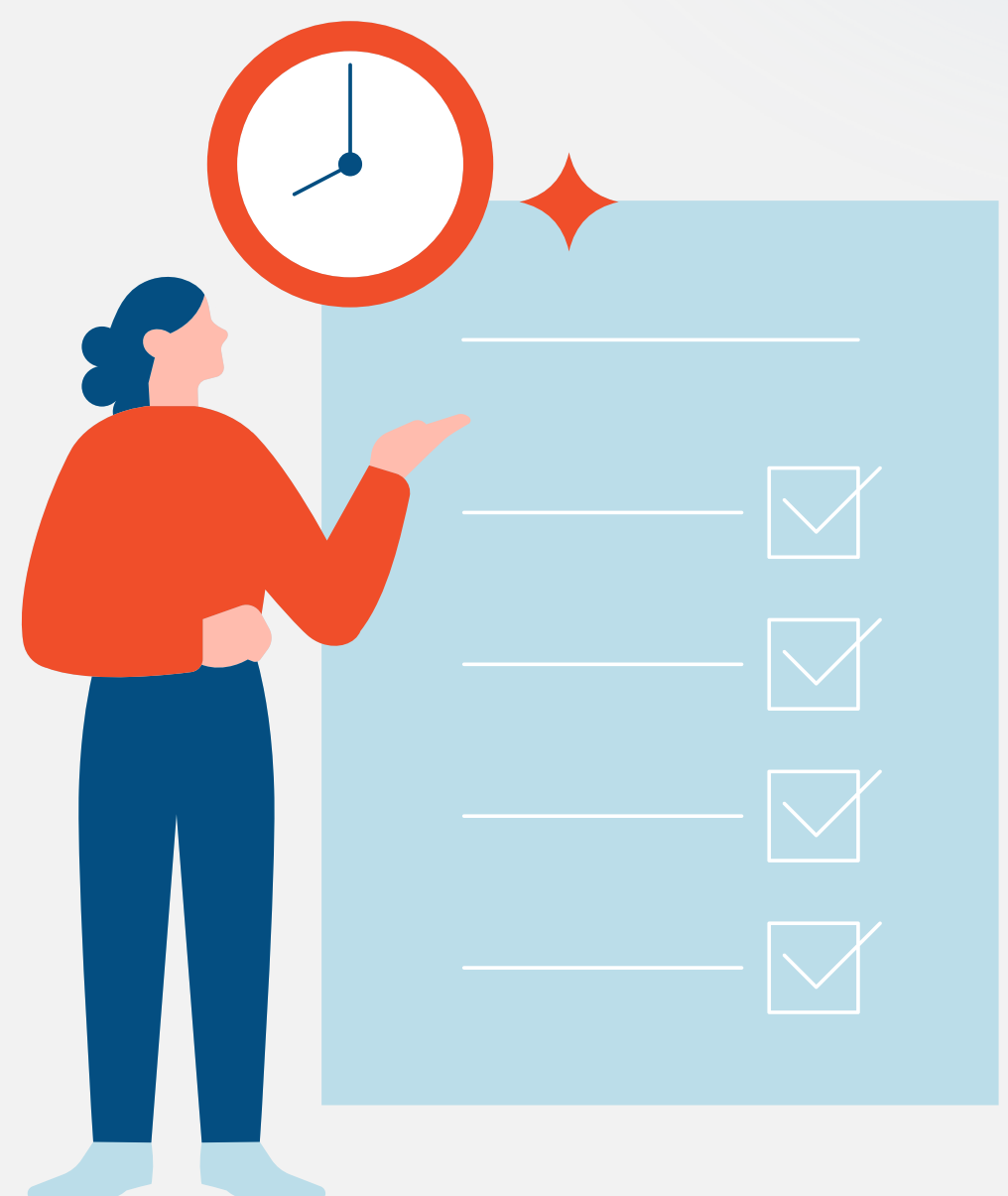
Contractor Management

1. Assess existing independent contractor agreements, including terms, scope of work, and change of control provisions.
2. Ensure proper classification of contractors, complying with local labor laws and regulations.
3. Develop a plan to communicate changes, modify agreements if necessary, and clarify expectations.
4. Conduct a comprehensive compliance review, identifying risks and implementing measures to mitigate them.
5. Establish Contractor Management Guidelines for consistent contractor management, defining roles, responsibilities, and compliance requirements in target countries.

9

Payroll Management

1. Review existing payroll and tax processes and make necessary adjustments.
2. Ensure accurate reporting and filing of tax returns in each jurisdiction.
3. Consolidate payroll systems and processes across merged entities, ensuring accuracy, efficiency, and compliance.
4. Address differences in payroll cycles, wage structures, and payment methods.
5. Manage currency exchange rates and potential challenges related to international payments.



9 REASONS

Streamlining M&A Transactions

The Global Employer of Record Advantages

1

Enhanced Compliance Management

M&A transactions may expose businesses to potential labor disputes, employee claims, or non-compliance issues.

By partnering with a Global EOR, companies can leverage their expertise to mitigate such risks. The EOR assumes the legal employer responsibilities, reducing the liability and administrative burden for the acquiring company.

2

Flexibility and Scalability

M&A deals often involve managing a fluctuating workforce during the integration process.

A Global EOR can provide the flexibility to quickly hire or terminate employees as needed, ensuring that the acquiring company can scale its workforce up or down efficiently, while remaining compliant with local employment regulations.

3

Consolidated HR and Payroll Services

A Global EOR offers centralised HR and payroll management, handling employment contracts, benefits administration, payroll processing, and tax withholding.

This consolidation of services simplifies administrative tasks and ensures accurate and timely payroll processing, even across multiple jurisdictions.

4

Expedited Market Entry

When entering foreign markets through an M&A deal, a Global EOR can expedite the process of onboarding and employing local talent.

They have an established global infrastructure, knowledge of local regulations, and expertise in navigating complex administrative procedures, which can significantly accelerate the market entry and mitigate risks.

5

Mitigation of Employment Risks

M&A transactions may expose businesses to potential labor disputes, employee claims, or non-compliance issues.

By partnering with a Global EOR, companies can leverage their expertise to mitigate such risks. The EOR assumes the legal employer responsibilities, reducing the liability and administrative burden for the acquiring company.





Streamlining M&A Transactions

The Global Employer of Record Advantages



Expertise in Tax Compliance

Managing tax compliance across jurisdictions can be complex and risky. A Global EOR has a deep understanding of local tax regulations and can navigate the complexities of payroll taxes, social security contributions, and other tax obligations.

They help ensure that the acquiring company remains compliant with local tax laws during the M&A process.



Focus on Core Business Functions

Engaging a Global EOR allows the acquiring company to focus on its core business functions during the M&A process.

By outsourcing employment-related tasks to the Global EOR, the acquiring company can dedicate more resources and attention to integration planning, strategic decision-making, and other critical aspects of the transaction.



Simplified Immigration

IM&A deals may involve transferring employees across borders. Global EORs can facilitate the immigration process by assisting with work permits, visa applications, and compliance with immigration regulations.

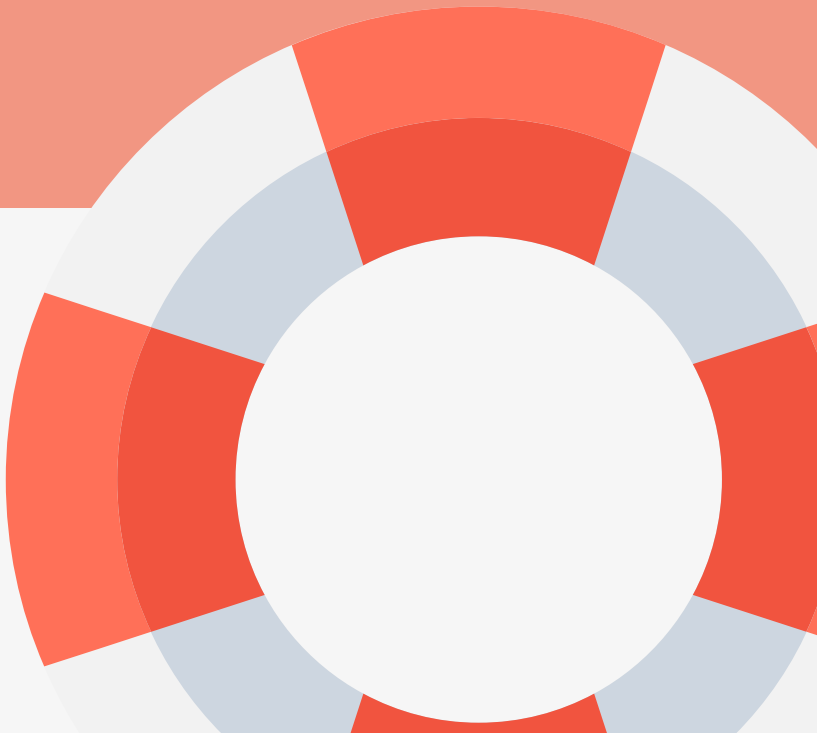
They ensure a smooth transition for employees, minimising disruptions to global operations.



Workforce Management Standardisation

A Global EOR facilitates workforce management standardisation by ensuring consistent employment practices, policies, and procedures across jurisdictions.

This promotes harmonisation and alignment within the merged entity, fostering a cohesive and unified corporate culture.



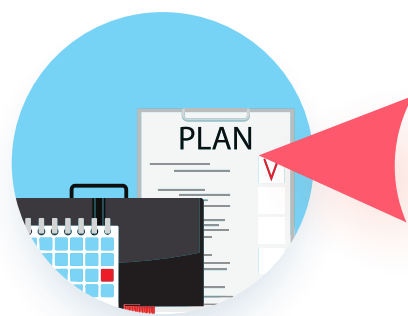
Streamlining M&A Workforce Alignment

LEVERAGING THE GLOBAL PAYROLL CALCULATOR'S INTELLIGENCE



190 Countries

Maximise M&A Tax Strategy



Empower M&A Tax Planning

Drive strategic decision-making during M&A transactions with our Global Payroll Calculator. Gain extensive tax insights in 190 countries, enabling you to make informed decisions regarding local and foreign talent hiring, ensuring tax compliance, and maximising tax efficiency.



Strategic Talent Location Insights for M&A Success

Leverage our Global Payroll Calculator to access valuable talent location insights. Identify ideal locations for global talent acquisition, facilitating the smooth integration of talent and supporting the success of your M&A deals.



Talent Retention and Compliance in M&A Deals

Enhance compliance and talent retention in M&A deals using our Global Payroll Calculator. Stay updated on statutory benefits in 190 countries for seamless integration of employee benefits, fostering satisfaction and retention.



Cross-country Comparison

Effortlessly compare employment costs across multiple countries. Ensure transparency in global employment cost projections.

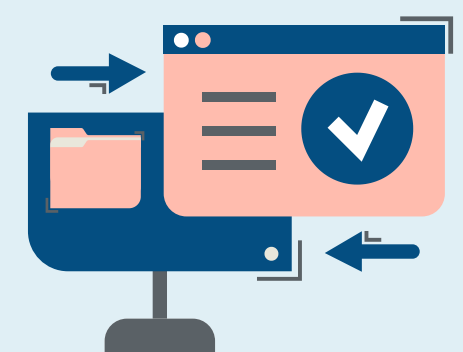


Full Tax Breakdown

Detailed tax breakdowns and comprehensive explanations for employer and employee taxes to navigate complex calculations with confidence.

Ongoing Data Validation

Our in-house Tax and Compliance Team regularly cross-checks Global Payroll Calculator data with trusted government resources.



Precision in M&A Talent Cost Planning

- Employer Liability
- Employee Taxes
- Gross to Net Salary
- Holiday Accruals
- 13 & 14 Salary
- Social Contributions



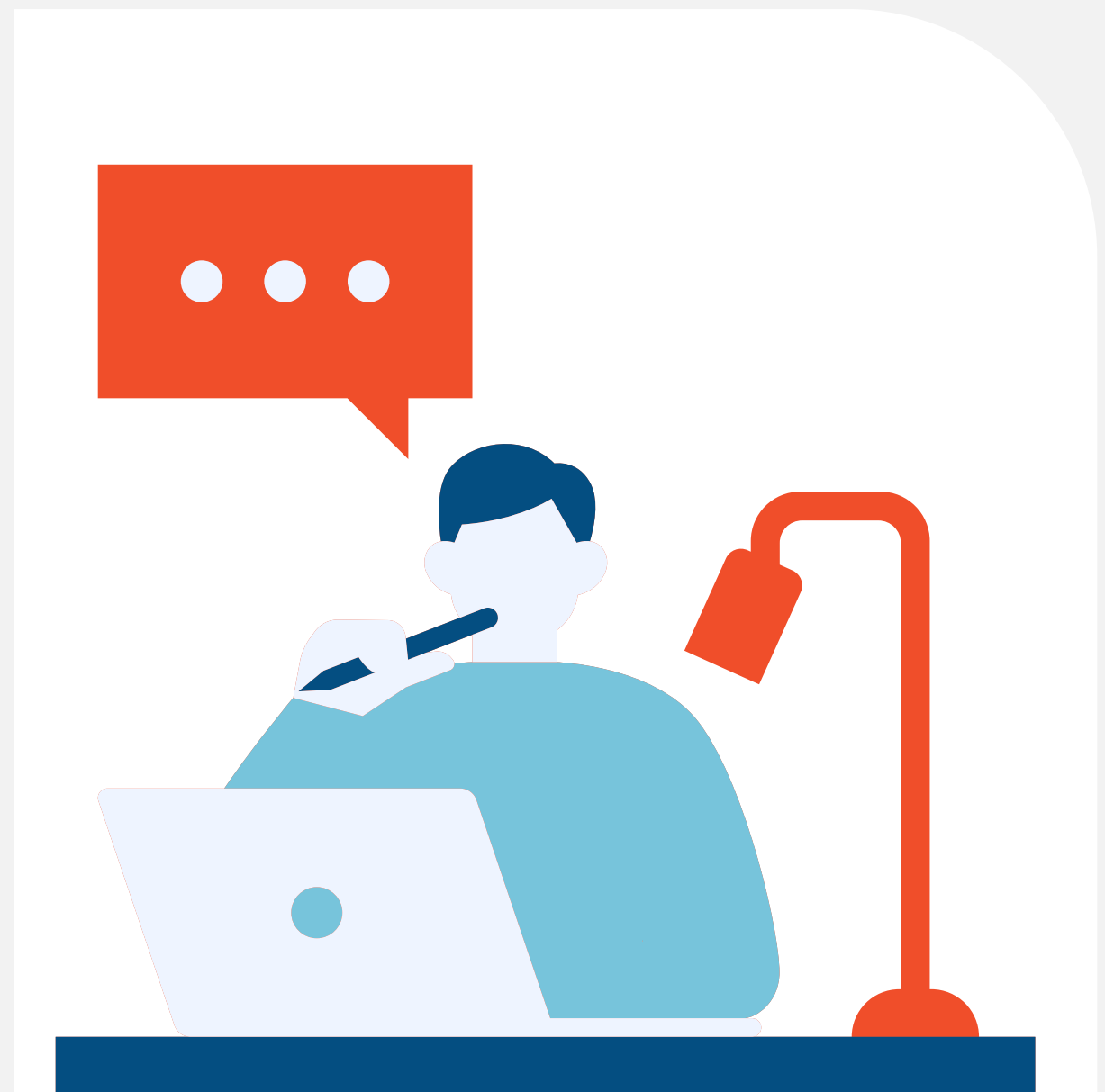
CONTACT US

Let's Solve your M&A Employment Puzzle

By prioritising employment considerations in M&A deals, businesses can manage risks, optimise resources, and foster a harmonious work environment.

We hope, this guide equipped you with tools and best practices for streamlining compliance, simplifying payroll, and enhancing talent retention during M&A transitioning.

Effective workforce integration drives post-merger success. With the insights shared here, confidently navigate challenges, maximise value creation, and pave the way for a prosperous future.



BENEFITS



Global Talent Synergy

Cost-Effective Collaboration

Compliance Mastery

Regulatory Excellence

Phone

US +1 (646) 500-8634
UK +44 (203) 468-8777

Website

expressglobalemployment.com

Email

info@expressglobalemployment.com