

Buyer Beware: The Hidden Cost of Labor in an International Merger and Acquisition

Elvira Medici, Linda J. Spievack
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Elvira Medici, Linda J. Spievack : Buyer Beware: The Hidden Cost of Labor in an International Merger and Acquisition before purchasing it in order to gauge whether or not it would be worth my time, and all praised Buyer Beware: The Hidden Cost of Labor in an International Merger and Acquisition:

Recent years have seen a huge growth in European cross-border mergers and acquisitions (MA), and considerable

attention has been given to how such deals arise and are completed. A U.S. investor must understand the basic difference in the principle of individual labor law in the U.S. and how it compares with the laws of the target country in an MA. In the U.S., under the employment at-will doctrine, the U.S. private sector employers can dismiss their non-unionized employees at any time for any reason or even no reason at all. In most European Union (EU) countries and Germany and Italy specifically, employees are presumed to have a basic right to keep their jobs indefinitely. One of the greatest labor cost disparity with the U.S. is not wages. It is the amount of paid time-off and other benefits. Employers in Germany and Italy will find it difficult to discharge employees without incurring substantial liability. For high-level, long-term employees, these severance payments can run into six or even seven figures.