# DOWNLOAD PDF LEGAL AND ETHICAL ISSUES IN ACQUISITIONS

## Chapter 1 : Legal and Ethical Issues in Acquisitions

*Ethical Issues in Mergers and Acquisitions MERGERS AND ACQUISITIONS-AN OVERVIEW: The phrase mergers and acquisitions (M&A) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company (in a given industry) grow.*

HR ethics are important to organizations as they can have legal and moral implications. In this assignment, you will develop a plan to resolve some of the ethical and legal issues involved in a merger. Consider the following scenario: As part of the employment contracts, employees have certain rights. For example, employees have the right to not be coerced into situations against their will. They expect to be able to access the information, which affects their job, company, and career. Such work situations can increase stress, lower self-esteem and productivity, cause loss of trust , and decrease efficiency. Good employees who are looking for a more secure work environment may resign and take valuable tacit knowledge and talent with them. It is the responsibility of HR management to create an ethical work environment before, during, and after the merger. As a strategic HR Director, you have been asked to identify ethical and legal issues involved in a merger and develop a plan to resolve these issues. Your plan should address the following: The composition of the team after the merger, pre-selection and selection of persons, and conducting full due diligence in all areas is important. The specific legal and ethical issues that should be considered during merger are selecting the right candidates for the right position, designing the new teams, and communicating the plan for combination. During merger process, the decision on who stays and who is fired is important. Also, the HR must establish a new culture, structure, and policies. The specific legal and ethical issues after merger are proper leadership, staffing, and evaluation of the new structure. Ensuring that the new entity learns is important. Each employee concerns must be addressed. The unification of the two cultures needs to be assessed, and if required should be revised. Solution Summary This solution explains ethical and legal issues relating to employees during mergers. The sources used are also included in the solution.

## Chapter 2 : Ethics Pitfalls in Mergers, Acquisitions

*Hostile takeover activity has dissipated in recent years, for a variety of reasons, but the ethical issues surrounding acquisitions and mergers and the ethically questionable conduct that is often.*

Management teams from both sides of these companies will no doubt encounter ethical and legal challenges prior to the merger, during the merger, and after the merger has been completed. HR acts as a moral compass for these companies, and issues that must be faced raise questions about fairness, equality, integrity, honesty, accountability, and consequences of behavior. As HR Director of the acquiring company, it is my responsibility to aid all employees in adhering to the code of ethics that has been implemented into our organizational mission statement. Furthermore, it is my job to create a safe and ethical environment in which every employee can enjoy his or her incontrovertible rights, which include the ability to access information about his or her job and the freedom to be able to do their job without any duress. HR can be a conflicting job for those of us in management, as we are called upon to walk a very narrow line between what is legally and morally best for the employee and financially advantageous to the company Moore,  However, the alternative of facing civil and criminal penalties that would incur due to law breaking, or even the implication of law breaking or unethical practices, would have an adverse and profound effects to the reputation of our company as well as our management. In turn, the morale of our employees would be damaged, and our reputation would be severely tarnished, resulting in an impoverished corporate culture. As the HR Director, I have been trained to address all legal and ethical issues associated with the merger. I understand that our company needs to expand its culture of ethics, maintain ethical continuity during the merger, and implement our ethical plan following integration. This paper is the result of my discoveries and actions. Legal and Ethical Issues of the Merger. Certain key ethical issues that have not received enough attention from the acquiring company are the rights of employees, and the concerns about the responsibilities of shareholders during mergers Werhane,  Although the merger affects this group of individuals exponentially, they are frequently the last to know of the foreboding merger. It also must decide what restrictions to place on insider use of information and how it will treat employees that may lose their jobs. The team must ask themselves if employees have the right to know about the colossal changes that will soon settle over their lives and careers. Once merger negotiations begin, it is normal for rumors to start within both companies. The threat here is that if the rumors are incorrect, they can severely damage the morale and productivity within the corporate culture. Another ethical dilemma exists if our merger carries with it the threat of layoffs. If the merger does involve layoffs, it would be natural for employees to be anxious before and after the layoffs are announced. Layoffs affect those who will no longer be employed, but they also affect those who must consequently take on additional responsibilities for those employees no longer with the company â€" for whatever reasons. The management team must decide if the Worker Adjustment and Retraining Notification WARN notice requirements will be triggered by this transaction, and if so, when the notice will be given and by whom Nelson,  If our company does not comply with this law, we may have to pay a monitory amount to affected employees, as well as civil monetary penalties. While this is a law that does apply to us, it also involves an ethical dilemma for our management team. The ethical dilemma lies in the question of how much time we should give someone before we completely and thoroughly disrupt their lives. There are laws that demand the ethical and fair treatment of employees and employee benefits. These laws cover all areas of potential discrimination in the workplace, and they can include wrongful termination, unequal pay for women, and provided protection for older employees in regards to their benefits plans. Although there are laws pertaining to employee benefits, ethics play a huge part in the merger process. If our company were to break any one of these laws, it would be behavior that is unethical and morally irresponsible, not to mention illegal. In addition, ethical behavior must be considered in terms of severance pay and outplacement. Because we have established that there will be layoffs and relocations, it would behoove us to encourage certain employees to accept a severance package; although offering severance packages is not a legal requirement, it is an ethical one. They are obligated to be honest and fair, act in good faith, and look out for the best interests of their companies and the shareholders. However, if the directors, myself included, neglect the duty of candor, we can quickly be the subjects of a shareholders claim alleged violations of the duty of candor in connection with the proxy. It would be unethical for shareholders to be kept in a place of uncertainty about the new direction of our company, which areas we will wait to resolve, and changes that will impact our employees. It is a guide that propels employees towards being proactive in developing their roles as individuals as well as departmental members. By following this plan, employees â€" including management â€" will be more apt to identify any legal or ethical concerns for the merger along the course of the implementation plan. Everyone will be able to follow the same plan and maintain an inventory and summary of any ethical and legal issues directly linked to the merger. If any fires arise that need to be put out, they will be extinguished before they can evolve into a costly disaster. By detailing and strategizing crucial steps before starting the merger, steps that will adhere to the constraints of time as defined by predetermined intermittent intervals and that will be revised as change warrants, the implementation plan should progress smoothly forward, as will the merger. Prior to our acquisition, we carefully conducted an internal audit of our target company, which included reviewing all policies and procedures for compliance with state and federal laws. If problems were noted, releases were obtained from these employees in order to keep them on as employees or to be included in their severance packages. Now is the time to address legal noncompliance and handle them in the most appropriate manner, which can usually be accomplished because we are discovering them at this point versus later. It is at this time that our company utilizes a due diligence checklist to review a myriad of documentation, which will be prioritized and will include legal issues. What issues must objectively be assessed are the cultural differences between both of the companies, which are reflected in ethics codes, compliance programs, and documented records of enforcement. If these disclosures were made, analyzing the resulting resolution of that particular disclosure could be crucial. All actions taken by our committees will be thoroughly documented at every step. Responsibilities will be monitored and delegated and individuals and departments will be accountable. There will be a summary for each issue that is being changed, why and how the issues are being changed, and how it will impact our resources and our shareholders. Special attention will be given to the legal and ethical issues previously mentioned: If these ethics programs are effective, then they will lend structure to an ethics policy, emphasize training, and enforce and correct infractions. Bottom line, in our merger with the target company, their ethics compliance programs should be at a point where they are current and effective; therefore, they are capable of being quickly aligned. Social and cultural issues between our two companies are of great importance. These issues are highly relevant because once the companies integrate, they can affect the operations and hence profitability. In the stages when we were contemplating an acquisition and merger, I initiated a due diligence review. The timing of this review is pertinent because the sooner the due diligences review of ethics issues are instigated, the better. Our company practices with values and ethics and that should be a significant part of our motivation and purpose when merging with another company. We should be able to uphold our values and morals and ethics. It should be a part of our culture; it should be noticed in the way that our employees speak towards about our company. Practicing our business by utilizing ethics should be a consistent policy that has been practiced since the day we opened our doors for business. In other words, the company culture between our company and the target company should result in a comparable and compatible match, resulting in a formidable and productive merger. Together, our company culture should be an environment where making the right decision automatically corresponds with the right choice, whether made by an individual or a department. There should be no need for debate or an ethical quandary. Stability for our company to be able to visualize the ethical culture within our shared workplace should consist of a homogeny atmosphere and a consensus with our employees. Our team has worked conscientiously and assiduously, with management leading by example, to reinforce both formal and informal incentives within our company. Consequently, we have upheld and promoted the values of trustworthiness, respect, responsibility, fairness, caring, and citizenship. I am proud to say that all aspects of our implementation plan and of the legal and ethical issues of our plan that have needed resolving have been addressed and resolved. The result has equated into promoting the strengthening, restructuring, and revitalization of our merged policies, guidelines and procedures within our human resource department. In order to grow and become a prominent organization, we must not neglect a very much-needed newly acquired awareness to the ongoing legalities and ethical issues that are compounding companies at this present time. As a consequence of this continuous awareness and adaptability, our HR department has been able to incorporate new segments department, such as an affirmative action committee, which will promote and continue diversification within our company. This action not only positively affects our employees, but also our customers, vendors, shareholders, and our future employees. It is imperative that HR establishes an excellent rapport with both upper management and other staff members from both companies Sanderson, n. They hold the secrets, act as the peacemakers, and are the main source of communication for employees. Taking action in order to resolve ethical and legal issues by utilizing our implementation plan must be something that we in the HR department are proactive in accomplishing. If we fail to do this, our merged company will become unsatisfied, unproductive and disgruntled, and we will fail before we even begin. By following through with our plan, we are demonstrating to all employees â€" from both companies â€" that we are serious about addressing and resolving any and all legal and ethical issues within our merged company. It is at this stage that no matter how good our implementation plan may be, if we do not follow through with our intentions of creating, developing, and cohesively implementing the plan we have in place, along with its solutions, we will not achieve success. The sooner our company begins to think, act, react and plan as a team, the more capable we become as one unit, and the more productive we will be. Furthermore, we must be realistic in planning the flow of our work and resolving the legal and ethical issues at hand. People will be less productive at this time because of dealing with the changes that are ongoing throughout our organization. Moreover, we must deal with the loss of good employees and great friends. These apparent adjustments and the integration of positive values throughout our organization will take time. Positive values go hand-in-hand with the company establishing and implementing a code of ethics. It is vital that all rules are applied consistently and at that the same ethical standards apply to everyone within the company. The code of ethics is more than just a formal document outlining related policies. It is a statement of conduct in the process of creating ethical standards. It is at this juncture that HR steps in once again to lead ethical training, as well as maintaining an updated conflict of interest policy within the company. In addition, HR has established HR professionals that are able to create an affirmative action committee in which they are expected to balance skill, experience, and reliability, as well as ensuring that we avoid ethically inappropriate criteria, such as sexual orientation, gender and race. Furthermore, HR will promote diversity within our workplace by including workforce planning, outreach, recruitment, hiring and retention. In order to resolve legal and ethical issues, we have delegated responsibilities among the workers within our company for specific tasks that they will be accountable for completing. This is an area that also must be monitored in order to ensure the progress of accountability by using either random checks or the peer system. Issues that will be monitored include the aforementioned legal and ethical subjects: This can help ensure there are positive relationships and harmony in the work place. Assess if all legalities throughout the workplace, including the physical structure, are up to code according to federal and state laws. Implement an HR committee that is knowledgeable and well versed in implementing, training, hiring, retaining and monitoring a diverse and well-qualified group of professionals. The effects that an adverse work environment will corrupt the carefully crafted and developed company culture. Follow-up on internal audit that was performed during due diligence and monitor compliancy and accountability. We have taken decades to create and carefully expand on our reputation, which are customers and our employees have come to trust rely on implicitly. We are not willing to jeopardize it, as our reputation, along with our code of ethics, has been ingrained in our mission and our values, and as such, it speaks to who we are as a company. The clearly defined codes and closely monitored transactions that we have incorporated into our company culture should keep us from violating any laws or ethical values. It is these standards that have made our company a success and it is a place where employees feel comfortable in doing the right thing.

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## Chapter 3 : Legal and Ethical Issues in Acquisitions: 1st Edition (Hardback) - Routledge

*iftff SPECIAL SECTION LEGAL ISSUES IN MERGERS AND ACQUISITIONS N ot-for-profit health care providers emÂ-barking on a merger/acquisition strategy.*

Ethical Dilemmas in Business Mergers by Brian Hill - Updated September 26, Corporate mergers and acquisitions are undertaken with the belief that the combined companies will be able to grow more rapidly and be competitively stronger than they were as independent companies. The management teams of both companies face ethical dilemmas prior to beginning the merger, as negotiations proceed and after the transaction is closed. Disclosure by Target Company The company being acquired is often called the target company. They might be aware of competitive factors that will make it difficult for the company to retain its market share in the future. Disclosure of such negative factors can cause the other company to offer a lower price to the shareholders of the target company or decide to not go through with the merger at all. Unfriendly Takeovers A company might decide to acquire a company that is not for sale. The management team of the target company might view the acquisition offer with hostility because they will lose control of the company. Sometimes unfriendly takeovers involve companies that were staunch competitors. Video of the Day Brought to you by Techwalla Brought to you by Techwalla Confidentiality Companies in discussions regarding a merger face the issue of how much to tell employees about the proposed transaction. Parties in the merger have to ask themselves whether employees have the right to know that a seismic change in their lives is in the works. If the rumors are incorrect they can damage morale and productivity, such as a rumor of a manufacturing plant being closed when no such event is contemplated. Terminating Employees One of the benefits of a merger is the opportunity to cut costs by consolidating certain business functions of both companies and being able to reduce the total number of staff positions of the combined entities. The harsh reality of a consolidation is having to fire employees. Managers who are planning a merger must deal with the uncomfortable moral issue of whether firing people is the right thing to do. Relocating Employees Those employees fortunate enough to be retained after the merger may still face the challenge of having to relocate if the company intends to consolidate operations into one central location. For families this can cause a considerable amount of hardship. Kids have to enroll in a new school. Spouses have to quit their jobs and find new ones at the new location. Employees may not want to move from a warm climate to a colder one. They might not want to move from a smaller town to a big city. Managers planning a merger must be sensitive to the potential concerns of employees who will be asked to move. Sherman; About the Author Brian Hill is the author of four popular business and finance books:

## Chapter 4 : Mergers: HR Legal and Ethical Issues

*With the recent rash of mergers and friendly and unfriendly takeovers, two important issues have not received sufficient attention as questionable ethical practices. One has to do with the rights of employees affected in mergers and acquisitions and the second concerns the responsibilities of.*

Mergers occur when two or more businesses combine to create a new and larger business entity that combines the resources of the original companies. This process can go off without a hitch, but this is not always the case. Businesses looking to combine their efforts may run into certain problems along the way. Differences One of the primary reasons that mergers sometimes fall apart before they can ever be completed is due to the differences between those attempting the merger in the first place. Differences in opinion or management style may cause potential partners to fail to see eye-to-eye, causing the merger negotiations to break down. This can happen for other reasons as well. Differences in personality may cause two potential partners to part ways even though it may be mutually beneficial to combine their efforts. Legal Issues Legal issues present another major snafu the companies may run into during the merger process. Since the passage of the Sherman Anti-trust Act of , companies in the United States have been forbidden to form any type of business entity that might result in the restriction of fair trade. This applies to mergers at the corporate level as well. The act indicates that any "combinations" in restraint of trade are also illegal. It has taken well over a century for U. Culture Differences in corporate culture from one organization to the next also can pose problems for businesses looking to combine efforts and resources. This is closely related to the differences seen between partners but applies to the entire organization as a whole rather than the differences between those at the top of the corporate food chain. The ability to combine two organizations with cultures that are seeming polar opposites of one another requires both planning and a certain level of artistry. Cultural differences can threaten the outcome of a merger. Integration One of the most significant problems that occurs in relation to a corporate merger is the post-merger integration that must take place. Companies that combine their efforts and resources must learn to do so by bringing all of the constituent elements of their organizations together. This is easier said than done. The amount of planning and negotiating required to bring this about is fairly significant and usually takes place during the merger process. This integration planning is closely related to cultural issues because it requires those involved in the planning process to determine what corporate culture will look like after the merger.

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