

Abstract

Evaluation of the performance is an important element to the Mergers and Acquisition (M&A) of a Company. This article focus on M&A in medical and pharmaceutical industry and employs data envelopment analysis (DEA) method to evaluate the performance of M&A of Chinese pharmaceutical listed companies. The result shows that the operation efficiency of all samples had decreased 12.63% after M&A, only 7 samples have increased which just be 25.93%. From the dynamic point of view, total factor productivity dropped significantly 27.11 %, technological progress reduced 27.10%, ex post M&A, while technical efficiency and pure technical efficiency only decreased of 4.25% and 8.49% respectively, contrast to those, the scale efficiency had increased 5.32 percent ex post acquisition and 15 samples increased which meant that M&A brought some scale efficiency to samples.

In addition, looking from the yield of robust regression, the relative scale has negative impact on performance of M&A, which would reduce the technological efficiency and pure technological efficiency, and the share of the biggest share-holder generates positive results in pure technological efficiency while the share of new company has no significant influence on performance of M&A. Related transaction and present executives after M&A would lower the efficiency, while these companies which switched state-owned holding to social entities will have a relatively good performance implies that market is a good way to improve performance of M&A.

Keywords: Pharmaceutical Listed Companies; Merger & Acquisition;
Data Envelopment Analysis (DEA); Malmquist Index; Performance